

# 2017

## **Comprehensive Annual Financial Report**

Year ended June 30, 2017



**City of Cathedral City, California**

# 2017

## Comprehensive Annual Financial Report

Year ended June 30, 2017

City of Cathedral City, California



prepared by  
**FINANCE DEPARTMENT**

Tami E. Scott, Administrative Services Director

available online at  
[www.cathedralcity.gov](http://www.cathedralcity.gov)

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## INTRODUCTION







**Department of Finance**

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December 12, 2017

Citizens of the City of Cathedral City,  
Honorable Mayor, and  
Honorable Members of City Council

Within six months of the close of each fiscal year, state law requires the City of Cathedral City (City) to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is prepared by the Finance Department according to Municipal Code, Section 2.12.040. Pursuant to the requirements, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the City. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making those representations, City management has established a comprehensive internal control framework designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lance, Soll, & Lunghard, LLP, a statewide firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance the financial statements of the City are free of material misstatement for the fiscal year ended June 30, 2017. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall presentation. Based upon the audit, the independent auditors concluded there was a reasonable basis for rendering an unmodified opinion on the City's basic financial statements as of and for the year ended June 30, 2017. The independent auditor's report is presented as the first component of the financial section of this report.

## THE REPORT

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The CAFR is presented in three major sections:

- The **Introduction** section includes this letter of transmittal, identification of the City's principal officials, the City's organization chart, and the Government Finance Officers Association awards received by the City.
- The **Financial** section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements, including the government-wide financial statements comprised of the Statement of Net Position and the Statement of Activities and the accompanying notes to the financial statements. The Financial Section also includes the fund financial statements, which include the governmental funds financial statements, the proprietary funds financial statements, the fiduciary funds financial statements, and the combining individual funds financial statements for the nonmajor governmental funds and the internal service funds. Required supplementary information other than the MD&A is also included in the financial section.
- The **Statistical** section includes selected financial and demographic information, on a multi-year basis.

This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A.

This CAFR includes all funds of the City. The City provides the full range of municipal services as contemplated by statute. Services provided include public safety (police and fire protection), public works (maintenance of streets and parks), community development (building, planning, engineering and code compliance), economic development, community events and general administrative support. The CAFR also includes the City's component units, which are legally separate organizations and for which the City is financially accountable or whose relationship with the City is of a nature and significance that would cause the City's financial statements to be incomplete were they not included.

The budget serves as the foundation for the City's financial planning and control. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the budget approved by the City Council. To achieve time and cost efficiencies over a traditional annual budget, the City prepares and adopts a two-year budget. Under this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered funds from the first year do not carry over into the second year. City Council adopted the biennial budget for fiscal years 2017/18 and 2018/19 on May 10, 2017.

The City Manager and the Administrative Services Director prepare and submit the budget to the City Council and administer it after adoption. The City Manager or the Administrative Services Director is authorized to adjust appropriations within each department or activity, while ensuring those adjustments do not exceed the amounts approved in the budget or any amending resolutions.

Management can make transfers between departments as long as expenditures do not exceed appropriations at the fund level. Transfers of cash or unappropriated fund balance from one fund to another can only be made with City Council's approval. For each fund, total expenditures may not legally exceed total appropriations.

In addition to the financial audit, the City undertakes a single audit in conformance with the uniform administrative requirements, cost principles and audit requirement for federal awards (Uniform Guidance). The results of this single audit, including a schedule of expenditures of federal awards, and the independent auditor's reports on the City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, are available in the City's separately issued single audit report.

## CITY PROFILE

Cathedral City is conveniently located 110 miles east of Los Angeles and 130 miles northeast of San Diego. The City is a business and resort community located in the heart of the Coachella Valley conveniently located between Palm Springs and Rancho Mirage in eastern Riverside County. With a diverse population of more than 54,000, Cathedral City is the second-largest city in the Coachella Valley. Occupying a land area of approximately 31 square miles at an elevation of 400 feet above sea level, the City boasts an ideal climate of 350 sunny days a year. The City offers clean air, scenic beauty and unlimited leisure activities, housing options and business opportunities. Colonel Henry Washington discovered Cathedral City in 1850, naming it after nearby rock formations resembling a grand cathedral. The City is proud of its cultural diversity and rich history. The Agua Caliente Band of Cahuilla Indians established their reservation in 1876, and the City housed its first subdivision in 1925.



Cathedral City is an ideal base from which to enjoy all that sunny Southern California has to offer. Conveniently located off the I -10 freeway and less than five miles from the Palm Springs Airport, Cathedral City boasts the greatest amount of family friendly recreational activities in the Coachella Valley, including the Desert Ice Castle (the only ice skating rink in the Coachella Valley) where Olympic athletes train; Boomers (miniature golf, bumper cars & batting cage); a 17-acre soccer park, where State championships have been held; Big League Dreams Sports Park, which hosts NCAA Women's softball; and three top-notch golf courses. One of the most visually capturing and historically rich pieces of art in the City is the "Fountain of Life" located in Town Square. Featuring mosaic tiles, stone sculptures, and a "spray ground," the fountain provides beauty and a place for adults and children to cool off in the summer's heat. Residents and visitors can also enjoy dinner and a movie at the Mary Pickford Theater or Desert Cinema, which houses the largest movie screen in the Coachella Valley.

The City offers public, private, and charter K-12 and preschools and is part of the Palm Springs Unified School District. The University of California at Riverside and California State University San Bernardino, which both have local campuses, and the College of the Desert are all located within 9 miles. Residents also have access to outstanding healthcare at the Eisenhower Medical Center and the Desert Regional Medical Center, which includes a trauma center.

The City is a charter city operating under the council-manager form of government. Policymaking and legislative authority are vested in a City Council comprised of the Mayor and four other Council members. The City Council is responsible, among other things, for passing ordinances, adopting minute orders and resolutions (such as the budget), appointing committees, and hiring both the City Manager and City Attorney. The City Council is elected on a nonpartisan basis. Council members serve four-year staggered terms, with three Council members elected in 2018, and two council members elected in 2020. The Mayor is appointed by the City Council to serve a one-year rotating term.

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of two blended component units: the Cathedral City Public Financing Authority and the Cathedral City Community Services District. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and for appointing the various department heads.

## ECONOMIC CONDITIONS

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### SALES TAX AND TRANSACTIONS & USE TAX

Sales tax is the City's lifeblood. In fiscal year 2016/17, it accounted for over 28% of the City's tax revenues and over 23% of the City's traditional General Fund (Fund 100) revenues. Since the 2007-2009 recession, sales tax has shown steady increases as the national and local economies demonstrate continued improvement. From the low point in fiscal year 2009/10 to fiscal year 2016/17, sales tax has increased more than \$3.3 million, or more than 59.0%.

### CANNABIS AND MARIJUANA TAX

The City of Cathedral City has welcomed the cannabis and marijuana industry as a new business cluster. With significant foresight and preparation leading up to accepting applications starting April 1, 2016, new ordinances and resolutions were introduced and passed by our City Council. During the first 15 months, more than 50 applications were received for cannabis and marijuana dispensaries, cultivators, and manufacturers. In fiscal year 2016/17, the City has seen 11 dispensaries and two cultivation sites open resulting in almost \$450,000 in tax revenue. In the upcoming year, we anticipate more cultivation sites along with the first manufacturing locations to open within our city limits.

### EVENTS, EVENTS AND MORE EVENTS

Cathedral City has become the destination for events. The City's Signature Events include the Balloon Festival (November), the Taste of Jalisco (February), and Lesbian, Gay, Bisexual and Transgender (LGBT) Days. In addition, there were 16 other events throughout the year, to include the City's 35<sup>th</sup> Anniversary celebration in November 2016 coinciding with the Balloon Festival.

### TRANSIENT OCCUPANCY TAX (TOT)

With the various City events and Coachella Valley activities throughout the year, Cathedral City continues to attract more visitors to our city. The City's TOT (hotel tax) increased more than \$700,000 from fiscal year 2015/16 to fiscal year 2016/17. The City met this increased demand of visitors needing lodging through the following means: (1) a new hotel, the Staybridge Suites Cathedral City Golf Resort at 30<sup>th</sup> Avenue near Landau Boulevard; (2) a rebranded hotel, the DoubleTree Golf Resort Palm Springs at Vista Chino and Landau Boulevard, which also received a significant transformation; and (3) a 20% increase in short-term vacation rental (STVR) revenues. During this past year, the City Council convened an STVR Task Force to review our existing processes, policies, and municipal code. As a result, new ordinances and resolutions were enacted to ensure visitors have a pleasant experience when visiting our city while (at the same time) our residents have a good experience with their "visiting" neighbors.

### CONSTRUCTION PROJECTS/ROAD IMPROVEMENTS

This past year has seen significant construction projects / road improvements in Cathedral City to include:

- 20 Americans with Disabilities Act (ADA) Sidewalk Ramps
- Cathedral Canyon Rehabilitation, from Perez Road to East Palm Canyon
- City-wide Signage
- Date Palm Rehabilitation, from Perez Road to East Palm Canyon



- Neighborhood Pavement Management Improvements including:
  - ❖ “Vista” Streets (Assessment District 86-1),
  - ❖ Panorama Park neighborhood on Avenida La Paz and Avenida La Vista (Assessment District 88-3), and
  - ❖ Dream Homes neighborhood (Assessment District 2004-01)
- San Joaquin Sidewalk
- Vista Chino, from western City limits to Date Palm Drive

## RESIDENTIAL CONSTRUCTION

Cathedral City, having incorporated in 1981, is considered a post-Proposition 13 city. Since the City did not have a separate property tax rate prior to the voter enactment of Proposition 13, the City cannot impose one without a vote of the citizens. Therefore, additional property tax revenues generated by development projects within the city, but not within the boundaries of the former redevelopment agency, are not remitted to the City’s General Fund. Instead, the taxes are remitted to other taxing agencies such as Riverside County, school districts, and special districts. As a result, the City’s General Fund generally receives approximately \$2.6 million, or less than 7%, of its total revenue from property tax on an annual basis.

The local housing market in Cathedral City continues to rebound with the increase in new homes and the decline in lender owned (foreclosure) properties, which demonstrates the housing market is transitioning toward a healthier marketplace. Although additional housing units increase the amount of property tax the City receives, there is an even greater impact on the City’s sales tax revenues. Generally, new construction is a strong economic driver because growth in this sector usually affects other industries, such as retail, wholesale trade and transportation services.

During fiscal year 2016/17, the City continued to see more residential housing units in various locations throughout the city. The City issued 61 construction/building permits in these developments/neighborhoods:

- Desert Princess Homes at Desert Princess Country Club near Vista Chino and Landau Boulevard
- Stanton Place at the Landau Manor community near Landau Boulevard and McCallum Way
- The District at Cree Road and Jones Road on the former Marie’s Mobile Home Park site
- Infill (empty) lots in various neighborhoods

## PUBLIC, EDUCATION AND GOVERNMENT (PEG)

In May 2016, the City began receiving PEG fees through the Digital Infrastructure and Video Competition Act (DIVCA). The purpose of this fee is to support PEG programming on a local government channel. In the case of the City of Cathedral City, we have one channel on a local cable operator’s network, i.e., Time Warner Cable (Spectrum) Channel 17. With the use of these funds, the City made significant capital upgrades to enhance the viewing experience for our constituents and the general public. In addition, the City Council, City management, and departments have made educational videos about City services and government. These videos are currently available on the local government channel and/or the City website.

## COMMUNITY ASSISTANCE

In fiscal year 2016/17, the City Council expanded the existing community assistance program to become a more comprehensive program where non-profits and governmental agencies are asked to apply for the upcoming fiscal year. In doing so, the City Council can review all applications and make funding decisions at the same time rather

than making those decisions on a case-by-case basis. For the current year, 12 recipients received a total allocation of \$29,500. In future years, these and other applicants will be able to reapply each year with individual awards capped at \$3,000 per organization per year.

## LONG-TERM FINANCIAL PLANNING

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Although the City continues to recover from the recession, it is still necessary for the City to take actions to minimize the impact to the City's ability to provide vital community services. To mitigate the potential risk of another downturn in the economy, it is essential we grow our fund balance "savings account".

Of the available fund balance, the City currently strives to set aside a minimum of 33% of budgeted expenditures and transfers out, with a target of 50% by fiscal year 2020, for the following purposes: (1) cash flow reserves (50%); (2) economic uncertainties (40%); and (3) budget-related reserves (10%). These amounts are to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. At the end of fiscal year 2016/17, the City's unassigned General Fund (Fund 100) fund balance is at \$17,496,114 representing 47.3% of this year's actual expenditures. Of this amount, a total of \$17,496,114 has been set aside for cash flow reserves, economic uncertainties, and budget-related reserves. This represents approximately 40.7% of the approved fiscal year 2017/18 operating expenditures and transfers out (\$43,021,969).

## AWARDS AND ACKNOWLEDGEMENTS

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both U.S. GAAP and applicable legal requirements. This was the twelfth consecutive year the City has achieved this prestigious national award. A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe this year's 2016/17 CAFR continues to conform to the Certificate of Achievement program requirements, and will submit it to GFOA to determine its eligibility for another certificate.

Additionally, GFOA presented a Distinguished Budget Presentation Award to the City for its biennial budget for the two-year period beginning July 1, 2017. To qualify for this award, the governmental unit must publish an approved budget meeting program criteria and minimum standards as a policy document, an operations guide, a financial plan, and a communications device.

The preparation of this CAFR could not have been accomplished without the skill, effort and dedication of the entire staff of the Finance Department. Other City departments were also instrumental in providing the data necessary to prepare this report. Their cooperation and continued assistance is necessary and appreciated. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances. Finally, I also want to acknowledge the thorough and professional manner in which our independent auditors, Lance, Soll & Lunghard, LLP, conducted their audit.

Respectfully submitted,



Tami E. Scott  
Administrative Services Director

## CITY COUNCIL



**Stan Henry**  
Mayor



**Greg Pettis**  
Mayor Pro Tem



**John Aguilar**  
Council Member



**Mark Carnevale**  
Council Member



**Shelley Kaplan**  
Council Member

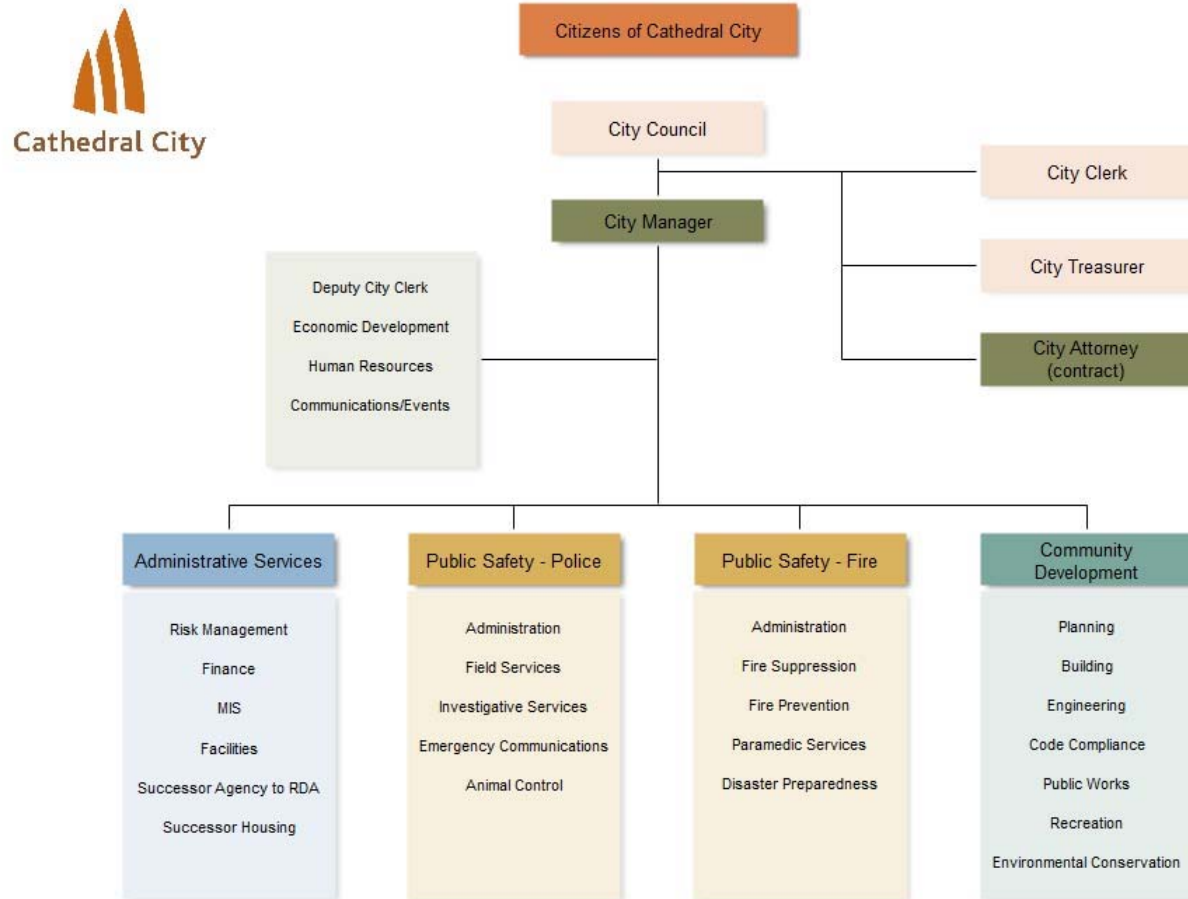
## OTHER ELECTED OFFICIALS

City Clerk	Gary F. Howell
City Treasurer	Henry Chan

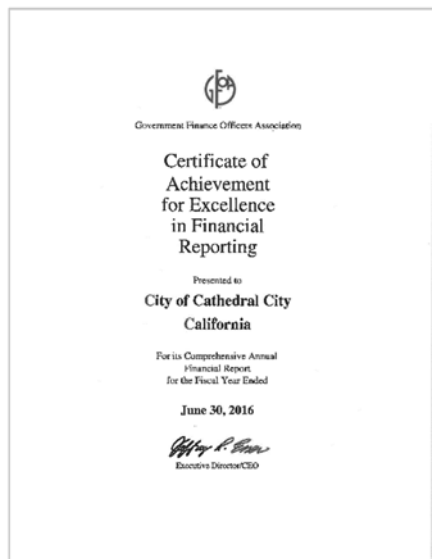
## ADMINISTRATIVE OFFICIALS

City Manager	Charles McClendon
City Attorney	Eric Vail (Burke, Williams & Sorenson, LLP)
Administrative Services Director	Tami E. Scott
Community Development Director	Pat Milos
Economic Development Director	Curt Watts
Police Chief	George Crum
Fire Chief	Paul Wilson





## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cathedral City for its comprehensive annual financial report for the fiscal year ended June 30, 2016.

The Certificate of Achievement for Excellence in Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded the certificate, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Certificate of Achievement for Excellence in Financial Reporting award is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting requirements and we are submitting it to GFOA for their consideration.

## DISTINGUISHED BUDGET PRESENTATION AWARD



The GFOA presented a Distinguished Budget Presentation Award to the City of Cathedral City for its biennial budget for the biennium beginning July 1, 2015. To receive this award, a governmental unit must publish a budget document meeting program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The Distinguished Budget Presentation Awards Program is specifically designed to encourage state and local governments to prepare and issue budget documents of the highest quality. Top-quality documents are essential if citizens and others with an interest in a government's finances are to be fully informed participants in the budget process. Better budget documents contribute to better decision making and enhanced accountability.

The Distinguished Budget Presentation Awards Program allows the public finance profession a welcome opportunity to recognize those governments that have, in fact, succeeded in preparing a high quality budget document.

## FINANCIAL











## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Cathedral City, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Cathedral City, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, the Developer Fees Fund, the Successor Housing Agency Fund, the Areawide Capital Projects Fund, and the Public Financing Authority Fund, the schedule of the City's proportionate share of the net pension liability, the schedule of contributions, and the OPEB schedule of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council  
City of Cathedral City, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea, California  
December 12, 2017

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## MANAGEMENT'S DISCUSSION AND ANALYSIS







As management of the City of Cathedral City ("City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal. The focus of the information presented here is on the primary government.

## FINANCIAL HIGHLIGHTS

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- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,462,897 (net position). Unrestricted net position, which may be used to meet the City's ongoing obligations, was -\$181,885,093 at year end.
- The City's net position decreased by \$8,437,352 from the beginning net position primarily due to increases in expenditures related to street rehabilitation projects taking place throughout the City and increases to staffing outpacing the increase in total revenues.
- As of close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$106,684,978, a decrease of \$5,557,193 from the prior year. A total of \$17,577,107, or 16.5%, of the fund balance is categorized as unassigned. Of this amount, \$17,496,114 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves, while \$80,993 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance of the General Fund (Fund 100) was \$17,496,114, which represents 47.3% of General Fund (Fund 100) expenditures, including transfers out. The \$17,496,114 is set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the fund balance policy approved in September 2014.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information, which is intended to furnish additional detail to support the basic financial statements themselves.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information on the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation and sick leave).

Other nonfinancial factors, such as changes in the City's property tax base, the condition of its roads, etc. need to be considered when assessing the overall health of the City.

Governmental activities report the City's basic services, which include general government, community development, culture and recreation, public safety, and public works. These activities are generally supported by taxes and intergovernmental revenues.

Business-type activities report activities intended to recover all or a significant portion of their costs through user fees and charges. The City does not report any business-type activity.

The government-wide financial statements include not only the City itself (referred to as the primary government), but also other legally separate entities for which the City is financially accountable. The Cathedral City Public Financing Authority and the Cathedral City Community Services District are legally separate component units. These component units, while legally separate from the City, provide services entirely to or almost exclusively for the benefit of the City even though they do not provide services directly. Although legally separate from the City, financial information for these component units is blended with the City because of its exercise of authority and their financial relationships with the City.

## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements are designed to report information about these groupings of related accounts. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided reconciling the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

The City maintains individual governmental funds organized according to their type: special revenue, debt service, and capital projects. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, two special revenue funds (Developer Fees and Successor to Housing Agency), a debt service fund (Public Financing Authority) and a capital projects fund (Areawide Capital Projects). These funds are considered to be major funds. Data from the remaining governmental funds are considered to be nonmajor funds and are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopted a biennial appropriated budget prepared on the modified accrual basis of accounting for fiscal years 2015/16 and 2016/17. Appropriated funds included the General Fund and special revenue funds. Budgetary comparison schedules have been provided in the required supplementary information for the General Fund and major special revenue funds to demonstrate compliance with the budget in accordance with U.S. GAAP.

**Proprietary funds** are comprised of enterprise funds and internal service funds. Enterprise funds are the same as the business-type activities that would be reported in the government-wide financial statements, but provide

more detail and additional information, such as cash flows. The City does not report any enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City currently reports the following internal service funds: Equipment Replacement, Insurance, Technology and Facilities. The internal service funds provide services predominantly benefiting governmental rather than business-type functions. They have been included within governmental activities with an adjustment to reflect the consolidation for internal service fund activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The four internal service funds are combined into a single, aggregated presentation. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds** are used to account for resources held by the City on the behalf of outside parties, including other governments. The City utilizes two different types of fiduciary funds: private-purpose trust funds and agency funds. The private-purpose trust funds are used to report resources held in trust to pay enforceable obligations of the former redevelopment agency. The agency funds report resources held by the City in a custodial capacity for special assessment district resources to pay debt service.

Fiduciary funds are not reported in the government-wide financial statements because the resources for those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The **notes to basic financial statements** provide additional information necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules.

The combining statements supplementary information referred to earlier in connection with nonmajor funds, internal service funds, and fiduciary funds are presented immediately following the budgetary comparison required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,462,897 at the close of the most recent fiscal year.

A portion of the City's net position, -\$181,885,093, is unrestricted and if positive, could be used to meet the City's ongoing financial obligations. This portion represents resources not restricted by external requirements or invested in capital assets.

Net position of \$148,361,734 includes investment in capital assets (e.g., land, buildings, structures, infrastructure, vehicles, furniture and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net positions of the City also include \$86,986,256 of restricted net position. These are resources subject to external restrictions as to how they may be used by the City.

**Table 1** summarizes the City's net position (dollars in thousands) as of June 30, 2017 and 2016.

**Table 1**

**Net Position**

(dollars in thousands)

	<b>Primary Government Governmental Activities</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
Current and other assets	\$ 133,097	133,682	( 585)
Capital assets	<u>148,879</u>	<u>154,783</u>	<u>(5,904)</u>
<b>Total assets</b>	<b>281,976</b>	<b>288,465</b>	<b>(6,489)</b>
Deferred outflows related to pensions	<u>9,187</u>	<u>5,405</u>	<u>3,782</u>
<b>Total deferred outflows of resources</b>	<b>9,187</b>	<b>5,405</b>	<b>3,782</b>
Noncurrent liabilities	224,151	215,918	8,233
Other liabilities	<u>8,078</u>	<u>6,731</u>	<u>1,347</u>
<b>Total liabilities</b>	<b>232,229</b>	<b>222,649</b>	<b>9,580</b>
Deferred inflows related to pensions	<u>5,471</u>	<u>9,321</u>	<u>(3,850)</u>
<b>Total deferred inflows of resources</b>	<b>5,471</b>	<b>9,321</b>	<b>(3,850)</b>
Net investment in capital assets	148,362	153,866	(5,504)
Restricted	86,986	92,298	(5,312)
Unrestricted (deficit)	<u>(181,885)</u>	<u>(184,264)</u>	<u>2,379</u>
<b>Total net position</b>	<b>\$ 53,463</b>	<b>61,900</b>	<b>(8,437)</b>

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**Table 2** summarizes the City's changes in net position (dollars in thousands) for the years ended June 30, 2017 and 2016.

**Table 2**  
**Changes in Net Position**  
(dollars in thousands)

	Primary Government		
	Governmental Activities		
	2017	2016	Change
Program revenues:			
Charges for services	\$ 8,734	7,859	875
Operating grants and contributions	11,636	15,066	(3,430)
Capital grants and contributions	2,998	624	2,374
General revenues:			
Taxes:			
Cannabis/marijuana tax	450	47	403
Franchise tax	2,146	2,021	125
Property tax	7,869	7,429	440
Sales tax	8,821	9,695	( 874)
Transaction and use tax	5,658	5,821	( 163)
Transient occupancy/timeshare developer	3,070	2,328	742
Utility users tax	2,717	2,754	( 37)
Investment and interest income	5,117	4,296	821
Other revenue	1,357	318	1,039
<b>Total revenues</b>	<b>60,573</b>	<b>58,258</b>	<b>2,315</b>
Expenses:			
General government	12,378	10,550	1,828
Community development	12,929	7,455	5,474
Culture and recreation	979	1,134	( 155)
Public safety	26,663	22,324	4,339
Public works	8,971	7,874	1,097
Interest on long-term debt	7,090	7,052	38
<b>Total expenses</b>	<b>69,010</b>	<b>56,389</b>	<b>12,621</b>
<b>Revenues over (under) expenses</b>	<b>(8,437)</b>	<b>1,869</b>	<b>(10,306)</b>
<b>Special items</b>	<b>-</b>	<b>(1,274)</b>	<b>1,274</b>
<b>Change in net position</b>	<b>(8,437)</b>	<b>595</b>	<b>(9,032)</b>
Net position – July 1	61,900	61,305	595
<b>Net position – June 30</b>	<b>\$ 53,463</b>	<b>61,900</b>	<b>(8,437)</b>

Governmental activities decreased the City's net position by \$8,437,352 for the fiscal year ended June 30, 2017. Key elements of the decrease are as follows:

- Charges for services increased \$874,181 from the prior year. The most significant changes were: (a) increases of \$61,030 in plan check fees, and \$152,234 in various licenses and permits as a result of increased development; (b) increases in police services reimbursements and code compliance citations of \$269,030 and \$80,965, respectively, as a result of increased services provided; and (c) an increase of \$252,371 in administrative support reimbursements.
- Operating grants and contributions decreased \$3,429,827 from the prior year. The most significant change was a decrease of \$3,418,596 as a result of contributions from the assessment district bond refinancing received during the prior fiscal year.
- Capital grants and contributions increased \$2,374,164 from the prior year. The increase was mainly attributable to increased reimbursement for capital projects during the current year, the most significant being Vista Chino road rehabilitation, which accounted for \$1,076,379 of the increase. The Whitewater Bike

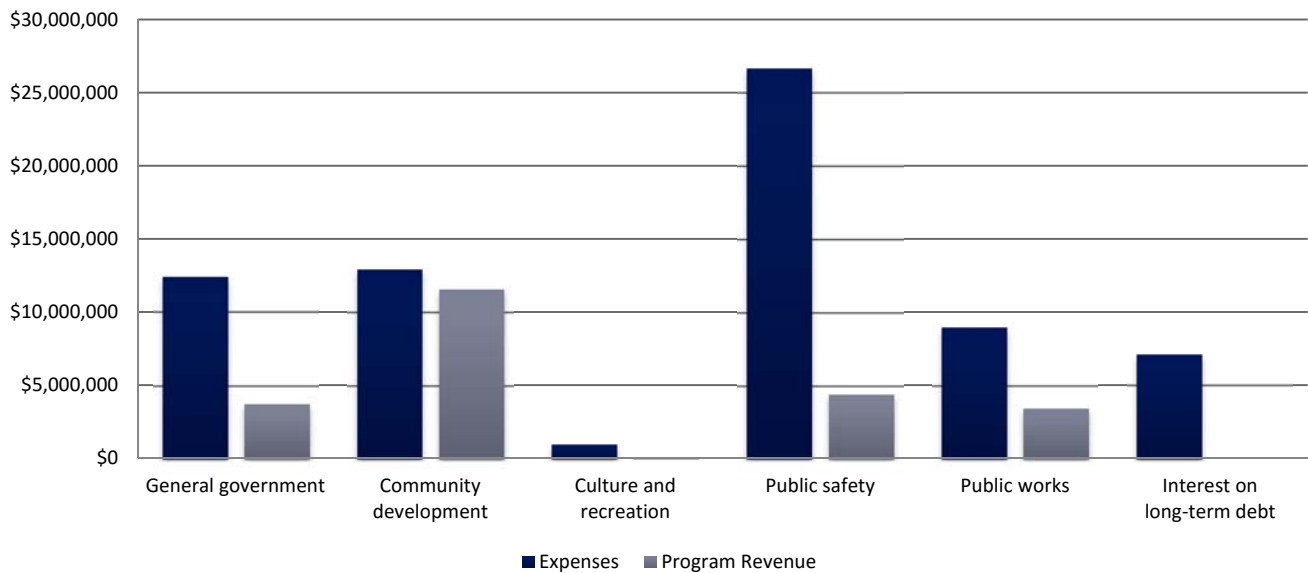
Trail, the Whitewater pavement management and the Avenida La Paz and La Vista roadwork accounted for additional increases of \$552,375, \$365,742 and \$335,323 from the prior year, respectively.

- Property taxes increased \$439,818 (5.9%) from the prior year. The increase was mainly attributable to an increase in assessed property valuations (5.2%). The sales tax category decreased compared to prior year, because the final Triple Flip payment substantially increased the sales tax compensation fund (\$1,754,318) in the prior year, however, sales tax increased \$884,587 due to the end of the Triple Flip where the City received 100% of its sales tax in current year. Transaction and use tax decreased \$163,021 due to fewer vehicle purchases being made by Cathedral City residents. Investment and interest income increased by \$820,350 from the prior year. The main reason for the increase is receiving two interest payments on the local obligation bonds purchased with the 2015A Local Agency Bond proceeds compared to the single interest payment received in the prior year. Transient occupancy tax/timeshare developer fees increased \$742,775 from the prior year primarily as the result of a new hotel opening and the renovation of an existing hotel. Cannabis/marijuana taxes increased \$402,989 (859.6%) from the prior year, as a result of opening additional dispensary and cultivation facilities in the City. Other revenue increased \$1,039,040 primarily as the result of land sales and receipt of donated land.
- Total expenses increased by \$12,621,180 (20.0%) from fiscal year 2015/16 amounts. Community development expenses increased by \$5,474,820 (73.4%) primarily from city-wide pavement management projects started and/or completed during the fiscal year. General government expenses increased by \$1,827,852 (17.3%) primarily due to: (a) increased salaries/benefits costs (\$488,306); (b) increased costs related to pensions (\$573,096); increased costs related to OPEB (\$732,749) and (d) higher than expected costs of tax sharing agreements (\$158,582). Public safety expenses increased by \$4,338,083 (19.4%) primarily due to: (a) increased salaries/benefits costs (\$749,443); (b) increased costs related to pensions (\$2,239,833); (c) increased costs related to OPEB (\$855,936); and (d) increased expenditures from grant funding (\$339,675). Public works expenses increased by \$1,096,971 (13.9%) primarily due to: (a) an increase of \$461,230 in depreciation related to capital assets; (b) increased maintenance costs (\$347,766) (c) increased salaries/benefits costs (\$105,855); and (d) increased costs related to pensions (\$160,504). Interest on long-term debt remained relatively the same compared to the prior year.

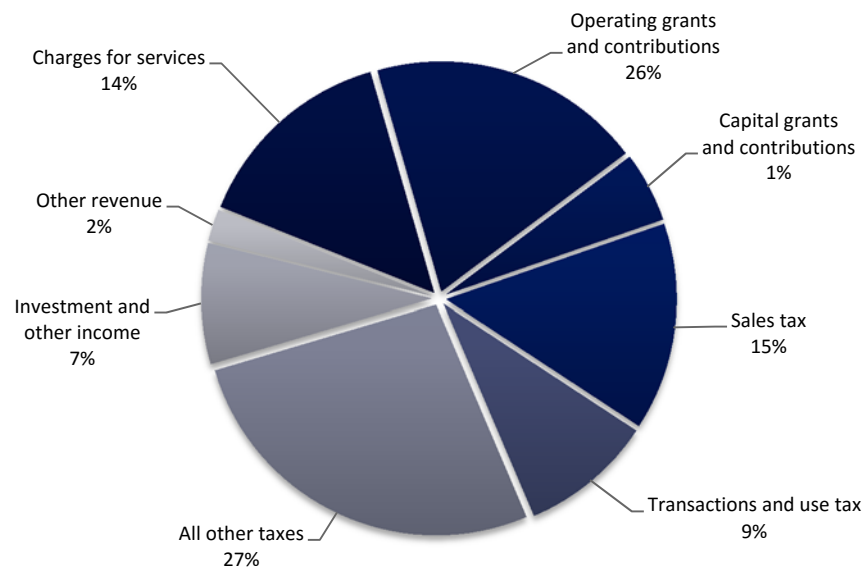
Public safety expenses in fiscal year 2016/17 were \$26,662,622 (38.6%) of total expenses. Other totals included: general government expenses of \$12,378,071 (17.9%), community development expenses of \$12,929,424 (18.7%), public works expenses of \$8,970,797 (13.0%), and interest on long-term debt of \$7,089,989 (10.3%). The remainder of the governmental activities expenses is comprised of culture and recreation with \$979,331 (1.4%).

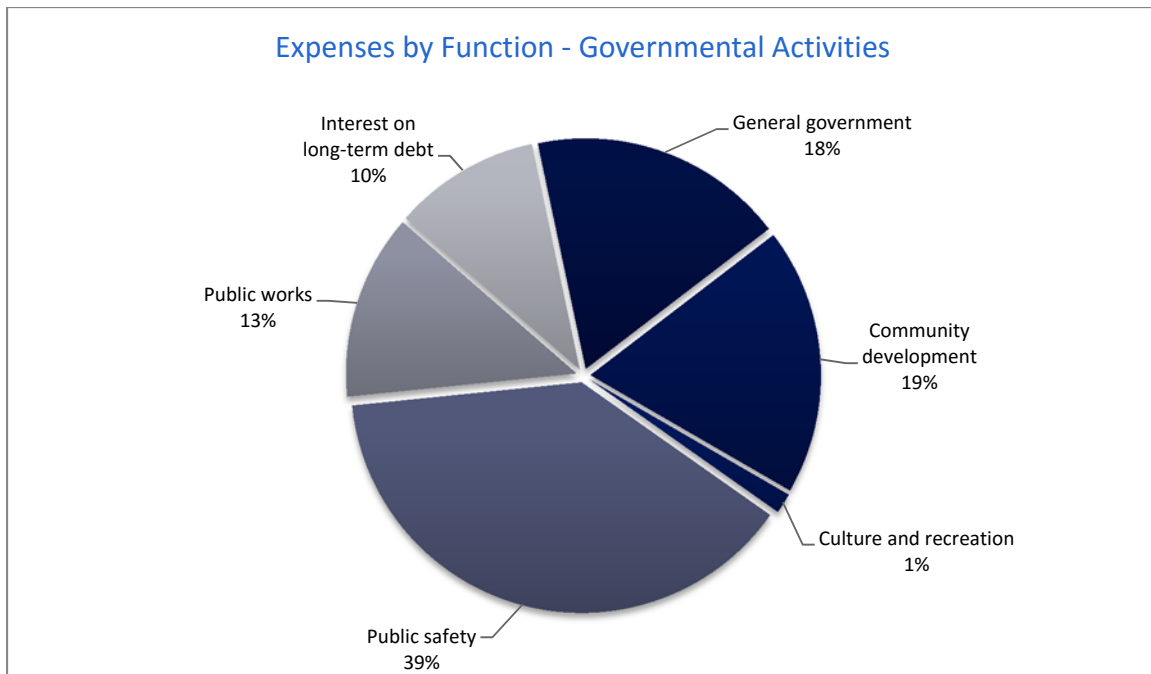
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## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities





## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance represents the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the City of Cathedral City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Council.

As of June 30, 2017, the City's governmental funds reported combining fund balances of \$106,684,978, a decrease of \$5,557,193 in comparison with the prior year. Approximately 16.5% or \$17,577,107 of the total fund balance amount constitutes unassigned fund balance. Of this amount, \$17,496,114 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the updated fund balance policy approved in September 2014.

The General Fund is the chief operating fund of the City. For reporting purposes, the General Fund consists of three individual funds: the General Fund (Fund 100) and two special revenue funds that do not qualify to be reported as such. As of June 30, 2017, unassigned fund balance of the General Fund (Fund 100) was \$17,496,114 while total fund balance was \$21,110,389. The total unassigned fund balance of \$17,496,114 has been set aside for cash flow reserves, future economic uncertainties, and budget reserves in accordance with the updated fund balance policy approved in September 2014. As a measure of the General Fund's (Fund 100) liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.3% of total General Fund (Fund 100) expenditures, including transfers out, of \$36,991,187, while total fund balance represents 57.1% of the same amount.



The total fund balance of the City's General Fund (Fund 100) increased by \$1,912,670, or 10.0%, during the year ended June 30, 2017. This year's increase is mainly attributable to the City's continuing growth of revenues and proceeds from sale of assets.

Revenues increased in fiscal year 2016/17 from the previous year. General Fund (Fund 100) revenues increased by \$1,233,332, or 3.4%, from fiscal year 2015/16. Certain revenues in the General Fund (Fund 100) changing significantly from fiscal year 2015/16 to 2016/17 include:

- Taxes in general increased \$791,087 over the previous fiscal year. Specifically, property taxes increased \$271,430 mainly as the result of an increase in assessed property valuations (5.2%). The sales tax category decreased compared to prior year, because the final Triple Flip payment substantially increased the sales tax compensation fund (\$1,754,318) in the prior year, however, sales tax increased \$884,587 due to the end of the Triple Flip where the City received 100% of its sales tax in current year. Transaction and use tax decreased \$163,021 due to fewer vehicle purchases being made by Cathedral City residents. Transient occupancy tax/timeshare developer fees increased \$742,775 from the prior year primarily as the result of a new hotel opening and the renovation of an existing hotel. Cannabis/marijuana taxes increased \$402,989 (859.6%) from the prior year, as a result of opening additional facilities in the City.
- Charges for services increased \$644,609 from the prior year. The most significant changes were: (a) increases of \$61,030 in plan check fees due to increased development; (b) increases in police services reimbursements and code compliance citations of \$269,030 and \$80,965, respectively, as a result of increased services provided; (c) an increase of \$252,371 in administrative support reimbursements due to increased services provided; (d) increased planning revenues of \$144,444 due to increased development; and (d) paramedic service fees decreased by \$98,001 as a result of less demand for services.
- Intergovernmental revenues decreased by \$378,211 mainly as the result of lower state-mandated cost reimbursements in the current year. In the prior year, we received reimbursements from multiple years of prior claims totaling more than \$300,000.
- Licenses and permits increased by \$152,234 from the prior year. Increases of approximately \$127,000 were attributable to various permits as a result of increased development. These included building/construction permits, engineering permits and alarm permits.
- Fines and forfeitures increased by \$117,541 from the prior year. This resulted from more code compliance citations written and was partly attributable to the hiring of an additional code enforcement officer.
- The remaining components of revenue (special assessments, use of money and property, contributions from other governments, and other revenue) did not change significantly from the prior year.

Overall, General Fund (Fund 100) expenditures, including transfers out, increased by \$3,026,154, or 8.9%, from the previous fiscal year. The majority of the net increase is related to increases to salaries and benefits of existing employees as well as the addition of several new full-time positions and the related increases to insurance and other benefit costs, while a smaller portion of the increase was due to additional expenditures for professional services and tax sharing programs.

The other major governmental funds include Developer Fees, Successor Housing Agency, Public Financing Authority, and Areawide Capital Projects.

The **Developer Fees** special revenue fund had a total fund balance of \$93,796. This amounts to a net increase in fund balance of \$21,363 during the current year. The net increase was the result of the general plan maintenance fees received and interest income. There were no expenditures utilizing these monies during the current year.

The **Successor Housing Agency** special revenue fund had a total fund balance of \$17,193,342. This amounts to a net increase in fund balance of \$433,796 during the current year. Revenues decreased \$720,404 to \$201,885 while expenditures decreased \$206,031 to \$140,800. The net decrease in revenues was mainly attributable to a prior year contribution received from the City (\$794,000) and an increase of \$74,341 in repayments from various loan programs (other revenue). The net decrease in expenditures was generally attributable to the decrease in agency and relocation assistance provided in the current year.

The **Public Financing Authority** debt service fund had a total fund balance of \$43,255,403. This amounts to a net decrease in fund balance of \$1,069,125 during the current year. Revenues decreased \$2,485,923 to \$10,172,279 while expenditures decreased \$5,567,727 to \$11,613,601. The net decrease in revenues was related to (a) decreased contributions from property owners (\$3,418,596) as a result of the prior year's bond issuance related to the assessment districts and (b) an increase of \$939,093 in the use of money and property resulting from the increase in investments held in trust. The significant expenditure decrease was related to the prior year including expenditures for the refunding of the 1997 Lease Revenue bonds. There were no bond refundings in the current year.

The **Areawide Capital Projects** capital projects fund had a total fund balance of \$6,252,359. This amounts to a net decrease in fund balance of \$848,573 during the current year. Revenues decreased \$1,437,316 to \$2,447,253 while expenditures decreased \$215,845 to \$3,295,826. The \$848,573 net decrease in fund balance was mainly attributable to timing differences in government funding reimbursements (i.e., prior year unavailable revenue received in current year).

## PROPRIETARY FUNDS

The City's proprietary funds (internal service funds) provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of all internal service funds increased \$954,416 to \$15,270,563 during the fiscal year. Operating revenues increased \$819,326 to \$8,288,117, while operating expenses decreased \$454,394 to \$7,440,102. The net increase in revenues was mainly attributable to increases in charges for insurance for employees and retirees as well as other revenues related to monies received from other funds for vehicle purchases, technology improvements and facilities maintenance. The net decrease in expenditures was generally attributable to the decrease in additional PERS contributions and workers compensation insurance offset by increases in major medical insurance.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund (Fund 100) original budget and the final amended budget include revisions to projected expenditures.

Original expenditure estimates, including transfers out, for fiscal year 2016/17, prepared in the spring of 2015, were based on anticipated outflows of resources at that time. Expenditures were increased \$2,629,364 to \$37,027,875 for the fiscal year ended June 30, 2017. Major revisions included:

- Increased various departments' budgets by \$918,056 for increased salary/benefit costs related to the addition of the following staff positions: Assistant Planner, Code Enforcement Officer, two Police Officers, Battalion Chief, three Firefighter/Paramedics, Crime Analyst, Enterprise Application Engineer and Webmaster/Graphic Designer.
- Increased various departments' budgets by \$518,960 for additional approved contracts for services such as median maintenance, graffiti, and other professional services.

- Increased the Non-Departmental budget by \$350,000 for the sales tax and transient occupancy tax sharing agreements.
- Increased the Legal budget by \$309,000 for the new City Attorney and by \$44,250 for medical cannabis and marijuana legal services.
- Increased the Community Organizations budget by \$164,200 for additional funds provided to the Senior Center, Cathedral City Boys & Girls Club and other organizations within our community.
- Increased the Facilities budget by \$150,000 for Town Square landscape, maintenance and improvement projects and Fountain of Life resurfacing.

Differences between the final amended budget and actual revenues and expenditures are briefly summarized in the following section. The local economy has continued to grow, specifically in the area of cannabis and marijuana tax and transient occupancy tax.

Actual General Fund (Fund 100) revenues, including transfers in, were \$3,348,722 higher than the final budget for fiscal year 2016/17, or 9.7%, primarily due to most revenues performing better than anticipated. Significant differences between budget and actual revenues are highlighted below.

- Taxes exceeded budget estimates by \$2,555,650 as actual receipts were higher than projected for property taxes and transient occupancy tax. Economic conditions were better than anticipated, as these two categories accounted for \$2,467,512 (96.6%) of the positive difference.
- Charges for services exceeded budget estimates by \$516,620 as a result of receiving higher than anticipated labor reimbursement for police services, planning fees and building plan check fees.
- Licenses and permits exceeded budget estimates by \$194,341 as a result of building, fire and alarm permits tied to the increase development and economic growth within the City.
- Use of money and property exceeded budget estimates by \$119,855. The increase is attributable to: (a) an increased quarterly cash and investment balances; and (b) better interest rates on Local Agency Investment Fund (LAIF) investments (0.92% at June 30, 2017 vs. 0.55% at June 30, 2016); and (c) higher than anticipated rental revenue.

Actual costs were slightly lower than the final amended budget for expenditures, including transfers out. The difference was \$36,688, or 0.1%.

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## CAPITAL ASSETS AND BONDED DEBT ADMINISTRATION

### CAPITAL ASSETS

The City's capital assets for its governmental activities as of June 30, 2017, were \$148,879,565 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, structures, vehicles/equipment, infrastructure (bridges, streets, traffic signals, streetlights, etc.) and intangibles. The City's capital assets by type at June 30, 2017 and 2016 are summarized in **Table 3** (dollars in thousands).

**Table 3**  
**Capital Assets**  
(dollars in thousands)

	<b>Primary Government Governmental Activities</b>		
	<b>2017</b>	<b>2016</b>	<b>Change</b>
Land	\$ 28,207	28,639	( 432)
Construction in progress	5,818	4,322	1,496
Buildings and improvements	8,514	9,361	( 847)
Structures and improvements	2,927	3,404	( 477)
Vehicles, furniture and equipment	2,863	3,274	( 411)
Infrastructure	100,551	105,783	(5,232)
Intangibles	-	-	-
<b>Total</b>	<b>\$ 148,880</b>	<b>154,783</b>	<b>\$ (5,903)</b>

Major capital asset activity for the year ended June 30, 2017, included the following:

- San Joaquin Sidewalk completion (addition to infrastructure and deletion from construction in progress) – \$215,588
- Land donation (net addition to land) – \$218,000
- Land purchase (net addition to land) - \$28,904
- Ramon Road Bridge and Roadway Widening (addition to construction in progress) – \$15,420
- Whitewater Channel Bike Trail (addition to construction in progress) – \$953,346
- Heritage Park (addition to construction in progress) - \$38,522
- Date Palm Bridge at Whitewater River (addition to construction in progress) - \$356,187
- Cathedral Canyon Bridge Whitewater River Low Flow Crossing (addition to construction in progress) – \$177,880
- Current year additions to construction in progress for projects completed during the year – \$170,749
- Acquisition of various city, police and fire vehicles (vehicles and equipment) – \$346,171
- Depreciation on capital assets – (\$7,528,626)
- Sale of land – (\$679,750)

Additional information on the City's capital asset activity for the year can be found in **Note III-D** in the notes to basic financial statements.

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## LONG-TERM DEBT

The City had total long-term debt of \$224,151,281 outstanding as of June 30, 2017. Of this amount, \$150,138,782 was capital improvements related (bonds and capital leases), \$70,655,726 was employee related (compensated absences, net pension liability and other postemployment benefits), and \$3,356,773 was risk management related (claims and judgments).

Outstanding long-term debt at June 30, 2017, and 2016, is summarized in **Table 4** (dollars in thousands). Additional information on the City's long-term debt for the year can be found **Note III-E** and **Note III-F** in the notes to the basic financial statements.

**Table 4**  
**Long-Term Debt**  
(dollars in thousands)

	Note Reference	Primary Government Governmental Activities		Change
		2017	2016	
Lease revenue bonds	III-F.1, III-F.4	\$ 3,322	3,554	( 232)
Tax allocation bonds	III-F.2, III-F.4	108,889	111,429	(2,540)
Limited obligation bonds	III-F.3, III-F.4	37,410	39,100	(1,690)
Capital leases	III-E.1, III-F.4	518	917	( 399)
Compensated absences	I-E.13, III-F.4	3,731	3,450	281
Net pension liability	III-F.4, IV-B	30,792	22,664	8,128
Other postemployment benefits	III-F.4, IV-C	36,132	31,912	4,220
Claims and judgments	III-F.4, IV-A	3,357	2,892	465
<b>Total</b>		<b>\$ 224,151</b>	<b>215,918</b>	<b>\$ 8,233</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adopted fiscal year 2017/18 budget for the General Fund (Fund 100) assumed a substantial increase in its revenues from the taxation of the cannabis/marijuana industry and stable growth in other areas of the local economy for ongoing revenues. These ongoing and new revenues, including transfers in, are projected to be \$41,081,769, which is an increase of \$6,601,982, or 19.1%, from the final fiscal year 2016/17 budget. However, this is a \$3,253,260, or 8.6%, increase from the fiscal year 2016/17 actual revenues. The increase in budgeted revenues is largely due to anticipation of receiving additional revenues from taxing cannabis/marijuana dispensing, cultivation and manufacturing.

Expenditures and transfers out are projected to be \$43,021,969 in fiscal year 2017/18 based on the originally adopted budget. This represents an increase of \$6,030,782 from fiscal year 2016/17 actual amounts. Based on the original adopted budget, it is anticipated fund balance reserves will need to be used in fiscal year 2017/18; however, the City remains committed to sustaining General Fund reserves to an appropriate level as outlined in the updated fund balance policy adopted in September 2014.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the City of Cathedral City, Finance Department, 68-700 Avenida Lalo Guerrero, Cathedral City, CA 92234. The report is available online at [www.cathedralcity.gov](http://www.cathedralcity.gov).

## BASIC FINANCIAL STATEMENTS







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## Statement of Net Position

June 30, 2017

	Primary Government Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 59,933,681
Accounts receivable	6,912,156
Interest receivable	205,292
Loans receivable	14,736,608
Inventories	16,681
Deposits	2,085,460
Prepays	12,436
Investments held in trust	38,736,238
Restricted cash and investments	5,485,555
Assets held for disposition	4,972,690
Capital assets:	
Not being depreciated	34,024,178
Being depreciated, net	114,855,387
<b>Total Assets</b>	<b>281,976,362</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions	9,186,505
<b>Total Deferred Outflows of Resources</b>	<b>9,186,505</b>
<b>Liabilities</b>	
Accounts payable	3,051,485
Interest payable	2,684,502
Unearned revenue	1,787,277
Deposits	554,532
Noncurrent liabilities:	
Due within one year	8,226,897
Due in more than one year:	
Debt and other long-term liabilities	149,000,342
Net pension liability	30,792,019
Net other postemployment benefits obligation	36,132,023
<b>Total Liabilities</b>	<b>232,229,077</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions	5,470,893
<b>Total Deferred Inflows of Resources</b>	<b>5,470,893</b>
<b>Net Position</b>	
Net investment in capital assets	148,361,734
Restricted for:	
Capital projects	19,991,282
Community development	20,380,694
Debt service	44,301,463
Public safety	1,706,735
Public works	512,286
Other purposes	93,796
Unrestricted	(181,885,093)
<b>Total Net Position</b>	<b>\$ 53,462,897</b>

See accompanying notes to basic financial statements.

## Statement of Activities

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General government	\$ 12,378,072	3,511,496	269,160	-
Community development	12,929,424	713,428	8,227,350	2,620,539
Culture and recreation	979,331	-	-	95,144
Public safety	26,662,622	3,665,102	503,281	282,532
Public works	8,970,797	843,375	2,636,534	-
Interest on long-term debt	7,089,989	-	-	-
<b>Total Governmental Activities</b>	<b>69,010,235</b>	<b>8,733,401</b>	<b>11,636,325</b>	<b>2,998,215</b>
<b>Total Primary Government</b>	<b>\$ 69,010,235</b>	<b>8,733,401</b>	<b>11,636,325</b>	<b>2,998,215</b>

## General Revenues:

## Taxes:

Cannabis/marijuana tax  
 Franchise tax  
 Property tax  
 Sales tax  
 Transactions and use tax  
 Transient occupancy/timeshare developer  
 Utility users tax

Investment and interest income

Other revenue

## Total General Revenues

Change in net position

Net position — July 1

Net position — June 30

See accompanying notes to basic financial statements.

**Net (Expense)  
Revenue and  
Changes in  
Net Position**

**Primary  
Government**

**Governmental  
Activities**

(8,597,416)  
(1,368,107)  
(884,187)  
(22,211,707)  
(5,490,888)  
(7,089,989)  
**(45,642,294)**  
**(45,642,294)**

449,870  
2,145,689  
7,869,199  
8,820,834  
5,657,640  
3,070,634  
2,717,534  
5,116,707  
1,356,835  
**37,204,942**

(8,437,352)

61,900,249

**\$ 53,462,897**

**Functions/Programs**

**Primary Government**

Governmental Activities:

General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Interest on long-term debt

**Total Governmental Activities**

**Total Primary Government**

**General Revenues:**

Taxes:

Cannabis/marijuana tax  
Franchise tax  
Property tax  
Sales tax  
Transactions and use tax  
Transient occupancy/timeshare developer  
Utility users tax

Investment and interest income

Other revenue

**Total General Revenues**

Change in net position

Net position — July 1

**Net position — June 30**

## Balance Sheet — Governmental Funds

June 30, 2017

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Assets</b>				
Cash and investments	\$ 20,711,523	1,557,126	2,642,909	12,725
Receivables:				
Interest	107,642	4,196	7,123	35
Accounts	4,069,187	360	92,193	-
Loans	2,948,544	-	11,788,064	-
Interfund receivable	26,123	-	-	-
Prepaid assets	10,267	-	-	-
Investments held in trust	-	-	-	38,736,238
Restricted assets:				
Cash and investments with fiscal agent	-	-	-	4,506,405
Assets held for disposition	-	-	4,972,690	-
<b>Total Assets</b>	<b>\$ 27,873,286</b>	<b>1,561,682</b>	<b>19,502,979</b>	<b>43,255,403</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,732,185	2,835	12,264	-
Deposits from others	554,532	-	-	-
Interfund payable	-	-	-	-
Unearned revenue	318,810	1,465,051	-	-
<b>Total Liabilities</b>	<b>2,605,527</b>	<b>1,467,886</b>	<b>12,264</b>	<b>-</b>
Deferred Inflows of Resources:				
Unavailable revenue	266,545	-	2,297,373	-
<b>Total Deferred Inflows of Resources</b>	<b>266,545</b>	<b>-</b>	<b>2,297,373</b>	<b>-</b>
Fund Balances:				
Nonspendable	10,267	-	-	-
Restricted	2,994,001	93,796	17,193,342	43,255,403
Assigned	4,340,569	-	-	-
Unassigned	17,656,377	-	-	-
<b>Total Fund Balances</b>	<b>25,001,214</b>	<b>93,796</b>	<b>17,193,342</b>	<b>43,255,403</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 27,873,286</b>	<b>1,561,682</b>	<b>19,502,979</b>	<b>43,255,403</b>

See accompanying notes to basic financial statements.

<b>Capital Projects</b>			
<b>Areawide Capital Projects</b>	<b>Nonmajor Funds</b>	<b>Total</b>	
6,546,729	14,201,220	45,672,232	<b>Assets</b>
17,643	30,219	166,858	Cash and investments
1,850,262	791,561	6,803,563	Receivables:
-	-	14,736,608	Interest
-	-	26,123	Accounts
-	770	11,037	Loans
-	-	38,736,238	Interfund receivable
-	979,150	5,485,555	Prepaid assets
-	-	4,972,690	Investments held in trust
<b>8,414,634</b>	<b>16,002,920</b>	<b>116,610,904</b>	Restricted assets:
			Cash and investments with fiscal agent
			Assets held for disposition
			<b>Total Assets</b>
			<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>
			Liabilities:
367,198	923,951	3,038,433	Accounts payable
-	-	554,532	Deposits from others
-	26,123	26,123	Interfund payable
-	-	1,783,861	Unearned revenue
<b>367,198</b>	<b>950,074</b>	<b>5,402,949</b>	<b>Total Liabilities</b>
			Deferred Inflows of Resources:
1,795,077	163,982	4,522,977	Unavailable revenue
<b>1,795,077</b>	<b>163,982</b>	<b>4,522,977</b>	<b>Total Deferred Inflows of Resources</b>
			Fund Balances:
-	770	11,037	Nonspendable
5,955,311	14,967,364	84,459,217	Restricted
297,048	-	4,637,617	Assigned
-	(79,270)	17,577,107	Unassigned
<b>6,252,359</b>	<b>14,888,864</b>	<b>106,684,978</b>	<b>Total Fund Balances</b>
<b>8,414,634</b>	<b>16,002,920</b>	<b>116,610,904</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>



## Reconciliation of the Balance Sheet — Governmental Funds to the Statement of Net Position

June 30, 2017

**Total fund balances - governmental funds** **\$ 106,684,978**

Amounts reported for governmental activities in the Statement of Net Position are different because:

- Capital assets used in governmental activities, excluding internal service funds of \$2,131,788, are not financial resources, and therefore, are not reported in the funds.

Capital assets, at historical cost	257,727,677
Accumulated depreciation	(110,979,900)

- Accrued interest payable not included in the funds. (2,684,502)

- Other long-term assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.

- Deferred inflows of resources represent the acquisition of net position that applies to a future period and will not be recognized as an inflow of resources on the government-wide financial statements until then. Deferred outflows of resources represent the consumption of net position that applies to a future period and will not be recognized as an outflow of resources on the government-wide financial statements until then.

Deferred inflows - unavailable revenues recognized under the accrual method of accounting	4,522,977
Deferred inflows - changes in assumptions	(769,796)
Deferred inflows - differences between actual and expected experience	(138,150)
Deferred inflows - differences between the employer's contributions and the employer's proportionate share of contributions	(658,861)
Deferred inflows - changes in employer's proportion	(3,904,086)
Deferred outflows - pension contributions subsequent to measurement date	3,973,372
Deferred outflows - differences between actual and expected experience	19,789
Deferred outflows - differences between the employer's contributions and the employer's proportionate share of contributions	1,019,440
Deferred outflows - changes in employer's proportion	337,315
Deferred outflows - net difference between projected and actual earnings on plan investments	3,836,589

- Internal service funds are used by management to charge the costs of these funds to their primary users governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 15,270,563

- Long-term liabilities are not due and payable in the current period and therefore, not reported in the governmental funds (this excludes internal service fund liabilities of \$2,977,024).

Bonds and capital leases	(149,992,206)
Bond premium	(146,576)
Compensated absences	(3,731,684)
Net pension liability	(30,792,019)
Other post employment benefits (OPEB)	(36,132,023)

**Net position of governmental activities** **\$ 53,462,897**

See accompanying notes to basic financial statements.

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## Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds

For the Year Ended June 30, 2017

	General	Special Revenue		Debt Service
		Developer Fees	Successor Housing Agency	Public Financing Authority
<b>Revenues</b>				
Taxes	\$ 30,566,036	-	-	-
Intergovernmental	67,757	-	-	-
Licenses and permits	1,349,341	-	-	-
Fines and forfeitures	213,764	-	-	-
Charges for services	4,693,930	-	-	-
Special assessments	88,095	-	-	-
Development fees	-	130,390	-	-
Use of money and property	499,539	558	20,425	2,103,527
Contributions from other entities	-	-	-	-
Contributions from other governments	492,643	-	-	8,068,752
Other revenue	79,588	3	181,460	-
<b>Total Revenues</b>	<b>38,050,693</b>	<b>130,951</b>	<b>201,885</b>	<b>10,172,279</b>
<b>Expenditures</b>				
Current:				
General government	9,577,907	-	-	-
Community development	2,799,125	-	140,800	5,100
Culture and recreation	434,440	94,168	-	-
Public safety	23,041,043	-	-	-
Public works	698,728	-	-	-
Capital outlay	28,904	15,420	-	-
Debt service:				
Principal	245,318	-	-	4,807,000
Interest	32,420	-	-	6,801,501
<b>Total Expenditures</b>	<b>36,857,885</b>	<b>109,588</b>	<b>140,800</b>	<b>11,613,601</b>
Excess (deficiency) of revenues over (under) expenditures	1,192,808	21,363	61,085	(1,441,322)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	372,197
Transfers out	(507,559)	-	-	-
Proceeds from sale of capital assets	1,075,348	-	372,711	-
<b>Total Other Financing Sources (Uses)</b>	<b>567,789</b>	<b>-</b>	<b>372,711</b>	<b>372,197</b>
Net change in fund balances	1,760,597	21,363	433,796	(1,069,125)
Fund balances — July 1	23,240,617	72,433	16,759,546	44,324,528
<b>Fund Balances — June 30</b>	<b>\$ 25,001,214</b>	<b>93,796</b>	<b>17,193,342</b>	<b>43,255,403</b>

See accompanying notes to basic financial statements.

<b>Capital Projects</b>			
<b>Areawide Capital Projects</b>	<b>Nonmajor Funds</b>	<b>Total</b>	
-	-		<b>Revenues</b>
745,065	4,080,021	30,566,036	Taxes
-	-	4,892,843	Intergovernmental
-	382,949	1,349,341	Licenses and permits
-	1,325,565	596,713	Fines and forfeitures
-	483,029	6,019,495	Charges for services
-	40,022	571,124	Special assessments
46,215	67,477	170,412	Development fees
1,400,000	-	2,737,741	Use of money and property
160,426	-	1,400,000	Contributions from other entities
95,547	103,236	8,721,821	Contributions from other governments
<b>2,447,253</b>	<b>6,482,299</b>	459,834	Other revenue
		<b>57,485,360</b>	<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	332,515	9,910,422	General government
239,014	2,494,419	5,678,458	Community development
180,023	-	708,631	Culture and recreation
-	964,990	24,006,033	Public safety
-	2,797,759	3,496,487	Public works
2,716,363	5,864,659	8,625,346	Capital outlay
154,108	-	5,206,426	Debt service:
6,318	-	6,840,239	Principal
<b>3,295,826</b>	<b>12,454,342</b>	<b>64,472,042</b>	Interest
			<b>Total Expenditures</b>
(848,573)	(5,972,043)	(6,986,682)	Excess (deficiency) of revenues over (under) expenditures
			<b>Other Financing Sources (Uses)</b>
-	135,362	507,559	Transfers in
-	(18,570)	(526,129)	Transfers out
-	-	1,448,059	Proceeds from sale of capital assets
<b>-</b>	<b>116,792</b>	<b>1,429,489</b>	<b>Total Other Financing Sources (Uses)</b>
(848,573)	(5,855,251)	(5,557,193)	Net change in fund balances
7,100,932	20,744,115	112,242,171	Fund balances — July 1
<b>6,252,359</b>	<b>14,888,864</b>	<b>106,684,978</b>	<b>Fund Balances — June 30</b>

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2017

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (5,557,193)</b>
<ul style="list-style-type: none"> <li>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</li> </ul>	
Capital outlay	1,741,008
Disposal of assets	(679,750)
Capital contributions	218,000
Depreciation expense (excluding internal service)	(7,085,447)
<ul style="list-style-type: none"> <li>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</li> </ul>	2,013,383
<ul style="list-style-type: none"> <li>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on change in net position. This amount represents long-term debt repayments. Governmental funds also report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</li> </ul>	
These differences in the treatment of long-term debt and related items consist of:	
Bond principal payments	4,807,000
Capital lease principal payments	399,426
Bond premium amortization	8,105
<ul style="list-style-type: none"> <li>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</li> </ul>	
Compensated absences	(282,108)
Accrued interest payable	(257,855)
Net other post-employment benefits (OPEB) obligation	(4,220,315)
<ul style="list-style-type: none"> <li>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</li> </ul>	
City pension contributions	3,973,372
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(4,469,394)
<ul style="list-style-type: none"> <li>Internal service funds are used by management to charge the costs of activities involved in providing services to departments within the City. The net expense of certain internal service funds are reported with governmental activities.</li> </ul>	954,416
<b>Change in net position of governmental activities</b>	<b>\$ (8,437,352)</b>

See accompanying notes to basic financial statements.



## Statement of Net Position — Proprietary Funds

June 30, 2017

	Governmental Activities - Internal Service Funds
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 14,261,449
Receivables:	
Interest	38,434
Accounts	108,593
Deposits with PERMA	2,085,460
Prepaid assets	1,399
Inventories	16,681
<b>Total Current Assets</b>	<b>16,512,016</b>
Noncurrent assets:	
Capital assets:	
Vehicles and equipment	8,046,413
Accumulated depreciation	(5,914,625)
Net capital assets	2,131,788
<b>Total Noncurrent Assets</b>	<b>2,131,788</b>
<b>Total Assets</b>	<b>18,643,804</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	13,052
Claims payable	1,000,000
Unearned revenue	3,416
<b>Total Current Liabilities</b>	<b>1,016,468</b>
Noncurrent liabilities:	
Claims payable	2,356,773
<b>Total Noncurrent Liabilities</b>	<b>2,356,773</b>
<b>Total Liabilities</b>	<b>3,373,241</b>
<b>Net Position</b>	
Investment in capital assets	2,131,788
Unrestricted	13,138,775
<b>Total Net Position</b>	<b>\$ 15,270,563</b>

See accompanying notes to basic financial statements.

## Statement of Revenues, Expenses, and Changes in Net Position — Proprietary Funds

For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>	
Charges for services	\$ 8,107,556
Other revenue	180,562
<b>Total Operating Revenues</b>	<b>8,288,118</b>
<b>Operating Expenses</b>	
Insurance claims and expenses	6,946,772
Repairs and maintenance	46,300
Minor equipment	3,851
Depreciation	443,180
<b>Total Operating Expenses</b>	<b>7,440,103</b>
Operating Income	848,015
<b>Nonoperating Revenues</b>	
Interest and investment income	81,593
Gain on sale of capital assets	6,238
<b>Total Nonoperating Revenues</b>	<b>87,831</b>
Income before transfers	935,846
Transfers in	18,570
Change in net position	954,416
Net position — July 1	14,316,147
<b>Net Position — June 30</b>	<b>\$ 15,270,563</b>

See accompanying notes to basic financial statements.

## Statement of Cash Flows — Proprietary Funds

For the Year Ended June 30, 2017

	Governmental Activities - Internal Service Funds
<b>Cash Flows From Operating Activities</b>	
Receipts from customers and user departments	\$ 8,682,017
Payments to suppliers for goods and services	(7,471,237)
<b>Net Cash Provided by Operating Activities</b>	<b>1,210,780</b>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers in	18,570
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>18,570</b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital asset acquisitions	(346,171)
<b>Net Cash (Used) By Capital and Related Financing Activities</b>	<b>(346,171)</b>
<b>Cash Flows From Investing Activities</b>	
Interest received	70,148
<b>Net Cash Provided by Investing Activities</b>	<b>70,148</b>
Net increase in cash and cash equivalents	953,327
Cash and cash equivalents — July 1	13,308,122
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 14,261,449</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ 848,015
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	443,180
Accounts receivable	(87,191)
Deposits with PERMA	(404,262)
Prepaid assets	4,100
Inventories	4,481
Accounts payable	(30,280)
Deposits from others	(37,140)
Unearned revenue	(767)
Claims payable	464,406
Accounts receivable related to nonoperating activities	6,238
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,210,780</b>

See accompanying notes to basic financial statements.

## Statement of Fiduciary Net Position — Fiduciary Funds

June 30, 2017

	Private- Purpose Trust Funds	Agency Funds
	Successor Agency Trust Funds	
<b>Assets</b>		
Cash and investments	\$ 12,201,974	5,861,802
Receivables:		
Interest	35,563	23,849
Special assessments	-	542,302
Prepaid assets	640,933	-
Restricted assets:		
Held with Successor Agency	1,163,892	-
Cash and investments held with fiscal agent	59	655,019
<b>Total Assets</b>	<b>14,042,421</b>	<b>7,082,972</b>
<b>Liabilities</b>		
Accounts payable	4,263	49
Accrued interest	1,340,627	-
Due to bondholders	-	7,082,923
Long-term liabilities:		
Due in one year	3,180,000	-
Due in more than one year	84,471,615	-
<b>Total Liabilities</b>	<b>88,996,505</b>	<b>7,082,972</b>
<b>Net Position</b>		
Held in trust for other purposes	(74,954,084)	
<b>Total Net Position</b>	<b>\$ (74,954,084)</b>	

See accompanying notes to basic financial statements.

## Statement of Changes in Fiduciary Net Position — Fiduciary Funds

For the Year Ended June 30, 2017

	Private- Purpose Trust Funds
	Successor Agency Trust Funds
<b>Additions</b>	
Taxes	\$ 15,016,945
Use of money and property	34,052
<b>Total Additions</b>	<b>15,050,997</b>
<b>Deductions</b>	
Administrative expenses	333,701
Contractual services	10,680,155
Interest expense	3,539,613
Contributions to other governments	8,721,821
<b>Total Deductions</b>	<b>23,275,290</b>
Change in net position	(8,224,293)
Net position — July 1	(66,729,791)
<b>Net Position — June 30</b>	<b>\$ (74,954,084)</b>

See accompanying notes to basic financial statements.



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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities. A summary of the City of Cathedral City's significant accounting policies applied in the preparation of these financial statements follows.

### NOTE A – REPORTING ENTITY

The City of Cathedral City (the "City") was incorporated in 1981 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "general law" cities. With the November 2016 election the City became a charter city and has transitioned from a general law city. The City operates under a Council-Manager form of government and the City Council is comprised of five members. Among the services provided by the City are public safety (police and fire protection), public works (maintenance of streets and parks), community development (building, planning, engineering and code compliance), business development, community events and general administrative support.

As required by U.S. GAAP, these financial statements present the City (primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units.

**Cathedral City Public Financing Authority ("Authority")** – The Authority was established as a separate legal entity on December 1, 1993, for the purpose of financing public capital improvements. Although legally separate, it is reported as if it were part of the City because the City Council also serves as the Authority's governing board. In addition, City management has operational responsibility for the Authority as it manages its activities in the same manner as the City's. The Authority is reported herein in the City's debt service funds. Separate financial statements for the Authority are not prepared. The Authority's fiscal year end is June 30.

**Cathedral City Community Services District ("District")** – The District was established as a separate legal entity upon incorporation of the City in 1981 to provide police services, soil conservation, sand control, tree and plant conservation, public parks, street lighting and road maintenance within the city limits. Upon cessation of assessment levies in June 2000, the District's activities have been 100% funded through property taxes received from Riverside County. Although legally separate, it is reported as if it were part of the City because the City Council also serves as the District's governing board. In addition, City management has operational responsibility for the District as it manages its activities in the same manner as the City's. The District is reported herein as part of the City's General Fund. Separate financial statements for the District are not prepared. The District's fiscal year end is June 30.

#### 2. Fiduciary Component Unit.

**Successor Agency to the Redevelopment Agency of the City of Cathedral City ("Successor Agency")** – Assembly Bill 1X 26 ("the Bill") dissolved all redevelopment agencies in the State of California effective February 1, 2012. The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.



After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution, as overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Cathedral City as Successor Agency of the former redevelopment agency. In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is reported herein in the City's fiduciary funds as private-purpose trust funds. Separate financial statements for the Successor Agency are not prepared. The Successor Agency's fiscal year end is June 30.

## **NOTE B – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements, which include the statement of net position and the statement of activities, report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which generally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The City does not have any reportable business-type activities or discretely presented component units.

The statement of net position reports all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of services with the difference between them presented as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

## **NOTE C – MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. On an accrual basis, property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if collected within 60 days after year end. Sales taxes, property taxes, utility users' taxes, transactions and use taxes, cannabis and

marijuana taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest associated with the current fiscal period are susceptible to accrual. Other revenue items become measurable and available when cash is received by the City and are recognized as revenue at that time. Expenditures are recorded when the related liability is incurred, except for debt service expenditures, and expenditures related to compensated absences and claims and judgments, which are not recognized until paid.

The City reports the following governmental fund types:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

For reporting purposes, the General Fund includes the following funds: the General Fund (Fund 100); Big League Dreams (Fund 431); and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The Big League Dreams and Special Deposits funds do not meet the fund type definitions included in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Therefore, for U.S. GAAP reporting they are included as part of the General Fund.

- Special revenue funds account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt service funds account for the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term obligations of governmental funds.
- Capital projects funds account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

In addition to the General Fund, major governmental funds reported by the City include the following:

- The Developer Fees special revenue fund is used to account for the various fees charged to developers and collected by the City. The fees collected are restricted for the specific purposes designated by each of the fees.
- The Successor Housing Agency special revenue fund accounts for restricted revenue, such as housing program repayments, rental income, and interest earnings that are to be used in accordance with applicable housing-related provisions of the Community Redevelopment Law.
- The Public Financing Authority debt service fund accounts for the monies received and interest earned to make the required principal and interest payments on the long-term indebtedness of the Authority.
- The Areawide Capital Projects fund accounts for restricted revenues, such as grants and other governmental revenues, to be used for approved citywide capital projects not otherwise budgeted for in another fund.

Proprietary fund and private-purpose trust fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. Agency funds have no measurement focus, but utilize the accrual basis of accounting for reporting its assets and liabilities.

The City reports the following proprietary fund type:

- Internal service funds account for motor vehicle and major equipment purchases, insurance, technology-related costs, and major facilities replacement costs. The principal operating revenues of the City's internal service funds are charges to user departments for the estimated cost reimbursement of providing these services. Operating expenses for the internal service funds include the cost of services provided, administrative expenses, and depreciation on capital assets.

Fiduciary funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, and other governments. The City reports the following fiduciary fund types:

- Private-purpose trust funds account for the assets and liabilities of the Successor Agency. Allocated property tax revenues are received from Riverside County to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.
- Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for taxes received for special assessments debt, for which the City is not obligated.

#### NOTE D – ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION OR FUND BALANCES

1. **Cash and Investments.** The City pools cash resources from all funds, except those held by fiscal agents, to facilitate cash management and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms pursuant to investment policy guidelines established by the City and subject to an annual review by the City Council. The policy addresses the soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

Each fund's share in this pool is displayed in the accompanying financial statements as 'cash and investments'. City investments are recorded at fair value, which is primarily determined on the basis of quoted market prices at year end, except for certain certificates of deposit and investment agreements that are reported at cost because they are not transferable and they have terms that are not affected by changes in market rates. The City participates in an external investment pool managed by the State of California. This fund, the California Local Agency Investment Fund (LAIF), was established under California State Statute. LAIF has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF is not registered with the Securities and Exchange Commission and falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Investment earnings include interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments. Investment earnings of the pooled investments are allocated to the various funds based on each fund's cash and investment balance at the end of a quarter.

2. **Cash Equivalents.** The City's investments held in the pooled cash account are classified as cash equivalents. Cash equivalents are defined as short-term (maturing within three months), highly-liquid investments that are both readily convertible to known amounts of cash or so near their maturity they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the internal service funds' share in the cash and investment pool of the City. The entire balance of cash and

investments on the statement of net position for the internal service funds is considered cash and cash equivalents for purposes of the statement of cash flows.

3. **Accounts Receivable.** Property taxes, sales and use taxes, utility users' taxes, transactions and use taxes, cannabis and marijuana taxes, franchise fees, motor vehicle in lieu payments, transient occupancy taxes, grants, and interest related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position.
4. **Loans Receivable.** The former redevelopment agency loaned money to City residents as part of assistance programs targeting low and moderate income property owners. Assistance programs included property rehabilitation assistance, property tax payment assistance, and others. The former redevelopment agency also loaned money to developers for various low and moderate income housing projects throughout the city.
5. **Interfund Receivable/Payable.** During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances from these transactions are classified as "interfund receivable" or "interfund payable" on the balance sheet/statement of net position. Other interfund receivables/payables between individual funds can occur when funds have overdrawn their equity share of pooled cash.
6. **Prepaid Assets.** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.
7. **Inventories.** The City values its fuel inventory for City vehicles at average cost and expenses the fuel inventory as it is consumed. This is referred to as the consumption method of inventory accounting. The City uses the purchases method of accounting for inventories in governmental fund types whereby inventory items are considered expenditures when purchased and are not reported in the statement of net position.
8. **Investments Held in Trust.** Investments held in trust represent the investments (special assessment district bonds) purchased and held by the City for repayment of certain special assessment district debt.
9. **Assets Held for Disposition (formerly Land Held for Resale).** Upon the dissolution of the former redevelopment agency, the City took on the role of Successor Housing Agency. Parcels of land were acquired by the former redevelopment agency with low and moderate income housing funds as part of its primary purpose of developing or redeveloping blighted areas. These parcels are reported as assets held for disposition. The properties are reported at the lower of cost or net realizable value, which is determined upon the execution of a disposition and development agreement. Assets disposed of through a sales agreement at an agreed-upon price are accounted for by recording the resulting gain or loss on the sale. Assets given to a developer under a disposition agreement are accounted for by recording expenditures for developer assistance.
10. **Restricted Assets.** Certain cash and investments held by the fiscal agent reported in governmental activities and the Public Financing Authority debt service fund are classified as restricted assets as they are restricted for debt repayment.

Certain cash and investments held by the fiscal agent reported in the Assessment District 2001-01, CFD 2000-1 Rio Vista, and Assessment District 2003-01 capital projects funds are classified as restricted assets as they are remaining proceeds of debt issues and their use is limited by applicable bond covenants.

**11. Capital Assets.** Vehicles, furniture, equipment, infrastructure assets (e.g., roads, traffic signals, drainage systems, and similar items), and intangible assets (software and easements) are reported in the governmental activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (vehicles, furniture and equipment), \$10,000 (land and land improvements) or \$50,000 (buildings, structures, infrastructure, and intangible assets) and an estimated life exceeding one year. Normal maintenance and repair costs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Assets under capital leases are recorded at the present value of future minimum lease payments and are amortized over the shorter of the lease term or the estimated useful life of the asset.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	30 years
Structures and improvements	20 years
Vehicles, furniture and equipment	5 to 10 years
Infrastructure	10 to 50 years
Intangible assets	5 to 40 years

**12. Long-term Obligations.** Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements, proprietary fund financial statements and private-purpose trust fund financial statements. Bond premiums and discounts, if any, are amortized over the life of the bonds using the straight-line method. Bond premiums and discounts, if any, are reported in the government-wide financial statements as noncurrent liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**13. Compensated Absences.** The City has vacation, sick and paid time off leave policies covering substantially all of its employees.

Regular status City employees earn vacation hours based upon their respective Memorandum of Understanding (MOU) and length of service. Depending on the MOU and employment service, employees can carry forward unused vacation hours ranging from 192 to 648 hours. There is no limit for non-represented employees. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Regular status City employees earn sick leave based upon their respective MOU. Depending on the MOU and employment service, employees can carry forward unused sick hours ranging from 580 to 1,440 hours. The maximum for non-represented employees is 960 hours. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, a liability is recorded in the government-wide financial statements for unused sick leave balances only to the extent it is probable the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to

receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

A current liability is accrued in the governmental funds for material compensated absences due on demand to governmental funds employees terminating prior to year-end. All other amounts are recorded as long-term liabilities. These noncurrent amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. The General Fund is generally used to liquidate the liability for compensated absences. If material, a proprietary fund type liability is accrued for the leave benefits relating to the operations of the proprietary funds.

- 14. Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, the deferred outflows relating to the pensions reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and adjustments due to the difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for reporting in this category in the government-wide statement of net position – deferred inflows relating to pensions. These inflows are the result of adjustments due to the difference in proportions, and the net difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized over the expected average remaining service life time and straight-line over a five-year period, respectively. The government also has one type of item that qualifies for reporting in this category under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: sales taxes, property taxes, grant reimbursements and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

- 15. Net Position.** In the government-wide, proprietary fund, and fiduciary fund (private-purpose trust fund) financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Net investment in capital assets represents capital assets, less accumulated depreciation, and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for capital projects, community development, debt service, and other purposes.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.



**16. Fund Balance.** In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund classifications include:

**Nonspendable** – Includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted** – Includes amounts that have constraints on the use of resources by being externally imposed, imposed by law through constitution, or through enabling legislation.

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the City's highest level of decision-making authority (City Council).

**Assigned** – Includes amounts that are constrained by the City's intent to be used for a specific purpose. The City Council authorized the City Manager and/or Administrative Services Director to assign amounts for specific purposes pursuant to the fund balance policy adopted through a resolution.

**Unassigned** – The residual classification, which includes all spendable amounts not contained in other classifications. This classification also includes amounts set aside for cash flow reserves, economic uncertainties and budget-related reserves in accordance with the revised fund balance policy approved on September 10, 2014 (Resolution 2014-37). The revised fund balance policy strives to set aside 33% of budgeted expenditures and transfers out as a minimum, with a target of 50% by fiscal year 2020 for cash flow reserves (50%), economic uncertainties (40%) and budget-related reserves (10%).

The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that (those) fund(s).

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**17. Property Taxes.** Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and allocated to cities based on complex formulas prescribed by state statutes. Accordingly, the City accrues only those taxes received within 60 days after year end.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	November 1 – 1 <sup>st</sup> installment
	February 1 – 2 <sup>nd</sup> installment
Delinquent After:	December 10 – 1 <sup>st</sup> installment
	April 10 – 2 <sup>nd</sup> installment

Taxes are collected by Riverside County and are remitted to the City periodically. Dates and percentages are as follows:

December:	30% advance
January:	Collection No. 1
April:	10% advance
May:	Collection No. 2
July:	Collection No. 3
November:	Teeter settlement

The City is a participant in the Teeter plan under the California Revenue and Taxation Code. Under this plan, the City receives 100% of the tax levy and Riverside County has responsibility for the collection of any delinquent taxes.

**18. Pensions.** For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to the pension, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website ([www.calpers.ca.gov](http://www.calpers.ca.gov)) under 'Forms and Publications'.

**19. Other Postemployment Benefits (OPEB).** Employees retiring from the City within 120 days of separation may elect to participate in such group health insurance policies provided by the City if the following three criteria are met: (1) taking a qualified retirement under CalPERS; (2) having the required years of service with the City based on the guidelines in effect at their original employment date; and (3) have reached the minimum age requirement based on the guidelines in effect at their original employment date. The cost of such insurance coverage, which the City chooses from time to time, is determined by the employee's negotiated MOU at the time of retirement. As permitted by law, the City's health insurance policy shall become secondary to any applicable federal or state government health programs as soon as the retired employee becomes eligible, or the retired employee reaches age 65, whichever comes first.

The Insurance Fund (an internal service fund) is generally used to liquidate the liability for other postemployment benefits.

**20. Proprietary Fund Operating and Non-Operating Revenues and Expenses.** Proprietary fund operating statements present increases (revenues) and decreases (expenses) in total net position. They also distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services related to the fund's principal ongoing operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**21. Use of Estimates.** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE E – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

**Governmental Accounting Standards Board Statement No. 73** – In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans not administered through trusts meeting the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

GASB Statement No. 73 is effective for periods beginning after June 15, 2016. The City reviewed the applicability of this Statement and determined it was not applicable.

**Governmental Accounting Standards Board Statement No. 74** – In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other post-employment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended and No. 57, *OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans*. It also includes requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 74 is effective for periods beginning after June 15, 2016. The City reviewed the applicability of this Statement and determined it was not applicable.

**Governmental Accounting Standards Board Statement No. 77** – In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about a government's tax abatement agreements and the impact they have on a government's finances. The Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

GASB Statement No. 77 is effective for periods beginning after December 15, 2015. The City reviewed the applicability of this Statement and determined it was applicable. Implementation resulted in no financial impact to the City's financial statements for the year ended June 30, 2017; however, additional footnote disclosures were required.

**Governmental Accounting Standards Board Statement No. 78** – In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for

recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions with the characteristics described above.

GASB Statement No. 78 is effective for periods beginning after December 15, 2015. The City reviewed the applicability of this Statement and determined it was not applicable.

**Governmental Accounting Standards Board Statement No. 79** – In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

GASB Statement No. 79 is effective for periods beginning after June 15, 2015, except for paragraphs 18, 19, 23 through 26, and 40, which are effective for periods beginning after December 15, 2015. Implementation resulted in no financial impact to the City's financial statements for the year ended June 30, 2017.

**Governmental Accounting Standards Board Statement No. 80** – In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB Statement No. 80 is effective for periods beginning after June 15, 2016. The City reviewed the applicability of this Statement and determined it was not applicable.

#### NOTE F –NEW ACCOUNTING PRINCIPLES YET TO BE IMPLEMENTED

**Governmental Accounting Standards Board Statement No. 75** – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement establishes new accounting and financial reporting for OPEB provided to the employees of state and local governments. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

GASB Statement No. 75 is effective for periods beginning after June 15, 2017.

**Governmental Accounting Standards Board Statement No. 81** – In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government receiving resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements administered by a third-party, if the government controls the present service capacity of the beneficial interests. Finally, this Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 81 is effective for periods beginning after December 15, 2016.

**Governmental Accounting Standards Board Statement No. 82** – In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary

information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 82 is effective for periods beginning after June 15, 2016, except for the requirements related to the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**Governmental Accounting Standards Board Statement No. 83** – In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 83 is effective for reporting periods beginning after June 15, 2018.

**Governmental Accounting Standards Board Statement No. 84** – In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018.

**Governmental Accounting Standards Board Statement No. 85** – In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 85 is effective for reporting periods beginning after June 15, 2017.

**Governmental Accounting Standards Board Statement No. 86** – In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 86 is effective for reporting periods beginning after June 15, 2017.

**Governmental Accounting Standards Board Statement No. 87** – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### NOTE A – DEFICIT FUND EQUITY

The following deficit fund balance was reported at June 30, 2017:

Nonmajor special revenue fund:	
Fire Department Special Revenues	\$34,786

The deficit balance is due to timing of expenditures and reimbursement from grants. The deficit will be eliminated through future revenues.

### NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Budget basis expenditures (including transfers out) exceeded appropriations for the fund identified in the table below.

Fund	Fund Type	Appropriation	Expenditures and Transfers Out	Excess Over Appropriation
Successor to Housing Agency	Major – Special Revenue	\$ 113,251	\$ 140,800	\$ 27,549

The excess expenditures were the result of increased legal and professional services related to land disposals not originally planned.

## III. DETAILED NOTES FOR ALL FUNDS

### NOTE A – DEPOSITS AND INVESTMENTS

- Deposits.** Cash includes amounts in demand and time deposits. The City maintains a single cash account at Wells Fargo Bank for payment of general accounts payable checks and payroll checks. At year end, the City's bank balance was \$261,765. The balance reported in the June 30, 2017 financial statements was -\$577,429. The difference between the two amounts represents outstanding checks, deposits in transit, and other reconciling items.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities in the



possession of an outside party. Deposits or securities can be legally restricted. Amounts in excess of the Federal Deposit Insurance Corporation (FDIC) maximum of \$250,000 are securitized in accordance with California Government Code Section 53652. This requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City Treasurer may waive the collateral requirement for deposits fully insured by the FDIC.

As of June 30, 2017, deposits were not subject to custodial credit risk as they were entirely insured or collateralized with securities held by the City or the City's agent in the City's name.

2. **Investments.** The City maintains a cash and investment pool available for use by all funds, except for assets held by fiscal agents. The pool's cash balances are invested by the City Treasurer to enhance interest earnings. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis based on each fund's cash and investments balance at the end of the quarter. Each fund's portion of this pool is displayed on the statement of net position and balance sheet as 'cash and investments'.

The City's investment policy provides the basis for the management of a prudent, conservative investment program. Public funds are invested for the maximum security of principal with best investment return, while meeting the daily cash flow needs of the City. All investments are made in accordance with the California Government Code and the City's investment policy, which is generally more restrictive than State law. The Administrative Services Director reviews the investment policy annually and updates it as necessary. It is then presented to the City Council for approval. Authority to manage the investment program is granted to the City Treasurer in accordance with California Government Code, Section 53607, and is incorporated into the investment policy. In his/her absence, the Administrative Services Director, and/or Director of Finance, and City Manager, in that order, are authorized to act on his/her behalf. The City's Municipal Code requires that the City Treasurer provide a monthly report to the City Council of its investment transactions. This 'treasurer's report' meets the requirement for monthly investment reporting.

**Table 1** below identifies the investment types authorized for the City by California Government Code, Sections 53600 et al, 16429.1 and 53684 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

**Table 1**

**Authorized Investments – City Treasurer**

June 30, 2017

	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio*</b>	<b>Maximum Investment In One Issuer</b>
Government agency issues	5 years	80%	No maximum
Banker's acceptances	180 days	40%	30%
Medium-term notes	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	No maximum	\$50 million †
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	N/A	30%	No maximum
Money market mutual funds	N/A	20%	10%

\* Excluding amounts held by bond trustee, which are not subject to California Government Code restrictions.

† LAIF account balances are capped at \$50 million for regular accounts. Bond proceeds accounts have no deposit restrictions. The City maintains four separate accounts with LAIF – two regular accounts and two bond proceeds accounts.

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments held by the bond trustees consist mainly of bond proceeds to be used for capital projects and required reserve funds for various bond issues and are not available for the City's general expenditures.

**Table 2** below identifies the investment types authorized for investments held by the bond trustee. The table shows the maximum maturity allowed for debt proceeds, the maximum amount of the proceeds that may be invested in any type of investment, and the maximum amount that can be invested in any particular issuer of investments.

Table 2

**Authorized Investments – Bond Trustees**

June 30, 2017

	<b>Maximum Maturity</b>	<b>Maximum % of Portfolio</b>	<b>Maximum Investment In One Issuer</b>
Government agency issues	5 years	No maximum	No maximum
Local Agency Investment Fund (LAIF)	N/A	No maximum	No maximum
Money market mutual funds	N/A	No maximum	No maximum
Guaranteed investment agreements	N/A	No maximum	No maximum
Local agency bonds	N/A	No maximum	No maximum

At June 30, 2017, the City's investment balances were as shown in **Table 3** below.

Table 3

**Investment Balances**

June 30, 2017

	<b>Fair Value</b>
<b>Investments governed by CA Government Code/City investment policy:</b>	
Local Agency Investment Fund (LAIF)	\$ 60,348,250
Certificates of deposit	4,033,381
Federal agency securities	991,106
Medium-term notes	12,515,463
Money market mutual funds	1,691,966
<b>Total investments governed by CA Government Code/City investment policy</b>	<b>79,580,166</b>
<b>Investments governed by debt agreements:</b>	
Local Agency Investment Fund (LAIF)	535,182
Money market mutual funds	2,252,321
Local agency bonds	38,736,238
<b>Total investments governed by debt agreements</b>	<b>41,523,741</b>
<b>Total investments</b>	<b>\$ 121,103,907</b>

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A reconciliation of cash and investments as shown in the basic financial statements as of June 30, 2017, is shown in **Table 4** below.

**Table 4**

**Reconciliation of Cash and Investments**

June 30, 2017

	<b>Primary Government</b>
<b>Governmental activities:</b>	
Cash on hand	\$ 3,350
Other cash – Playa del Sol	155,263
Deposits with financial institutions	(577,429)
Investments	60,352,497
Subtotal – cash and investments	59,933,681
Investments held in trust	38,736,238
Restricted cash and investments	5,485,555
<b>Total governmental activities</b>	<b>\$ 104,155,474</b>
<b>Fiduciary:</b>	
Private-Purpose Trust Funds:	
Investments	12,201,974
Restricted cash and investments	1,163,951
Agency Funds:	
Investments	5,861,802
Restricted cash and investments	655,019
<b>Total fiduciary</b>	<b>19,882,746</b>
<b>Total cash and investments</b>	<b>\$ 124,038,220</b>

**3. Fair Value Measurements.** The City defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- **Level 1:** Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.
- **Level 2:** Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.
- **Level 3:** Inputs are unobservable. Valuations for assets and liabilities are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

**Table 5** below presents the balances of investments measured at fair value on a recurring basis at June 30.

Table 5

Investment Type	Total	Level 1	Level 2	Level 3
Local Agency Investment Fund (LAIF)	\$ 60,883,432	-	60,883,432	-
Certificates of deposit	4,033,381	-	4,033,381	-
Federal agency securities	991,106	-	991,106	-
Medium-term notes	12,515,463	-	12,515,463	-
Money market mutual funds	3,944,287	-	3,944,287	-
Local agency bonds	38,736,238	-	38,736,238	-
<b>Total</b>	<b>\$ 121,103,907</b>	<b>-</b>	<b>121,103,907</b>	<b>-</b>

- 4. Investment in Local Agency Investment Fund (LAIF).** The City is a voluntary participant in LAIF, a state investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

As of June 30, 2017, the total amount invested by all public agencies in LAIF is \$22.8 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2017 had an investment portfolio balance of \$77.6 billion. Of that amount, 2.25% is invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments is 194 days as of June 30, 2017.

- 5. Interest Rate Risk.** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, as the maturity period of an investment lengthens, the sensitivity of its fair value to changes in market interest rates becomes greater. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary, to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by **Table 6**, which shows the distribution of the City's investments by maturity.

Table 6

Investment Type	Fair Value	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	Over 60 Months
Local Agency Investment Fund (LAIF)	60,883,432	60,883,432	-	-	-
Certificates of deposit	4,033,381	1,001,682	251,512	2,780,187	-
Federal agency securities	991,106	-	-	991,106	-
Medium-term notes	12,515,463	997,204	-	11,518,259	-
Money market mutual funds	3,944,287	3,944,287	-	-	-
Local agency bonds	38,736,238	1,480,959	1,555,514	5,155,385	30,544,380
<b>Total</b>	<b>\$ 121,103,907</b>	<b>68,307,564</b>	<b>1,807,026</b>	<b>20,444,937</b>	<b>30,544,388</b>

- 6. Credit Risk.** Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by nationally-recognized statistical rating organizations, such as Standard & Poor's (S&P) and Moody's. All City investments, except for certificates of deposit, local agency bonds, and LAIF require a minimum 'A' rating by the rating organization at the time of purchase. **Table 7** below presents the actual rating by S&P and Moody's as of June 30, 2017 for each investment type.

Table 7

S&P	Moody's	LAIF	Certificates of Deposit	Federal Agency Securities	Medium- Term Notes	Money Market Mutual Funds	Local Agency Bonds	Total
AAA-m	Aaa-mf	\$	-	-	-	3,944,287	-	3,944,287
AA+	Aaa	-	-	991,106	-	-	-	991,106
AA+	A1	-	-	-	1,987,105	-	-	1,987,105
A	A1	-	-	-	1,509,706	-	-	1,509,706
A	A2	-	-	-	5,014,891	-	-	5,014,891
A-	A2	-	-	-	1,995,654	-	-	1,995,654
A-	A3	-	-	-	2,008,107	-	-	2,008,107
NR	NR	60,883,432	4,033,381	-	-	-	38,736,238	103,653,051
<b>Total</b>		<b>\$ 60,883,432</b>	<b>4,033,381</b>	<b>991,106</b>	<b>12,515,463</b>	<b>3,944,287</b>	<b>38,736,238</b>	<b>121,103,907</b>

NR – Not rated

- 7. Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2017, in accordance with the City's investment policy, none of the City's investments were held with a counterparty. All of the City's investments were held with independent third party custodian banks. The City uses Union Bank N.A., Wells Fargo Securities, and Mutual Securities, Inc. as third-party custody and safekeeping services for its investment securities. Custodial credit risk is the risk that the City will not be able to recover the value of its investments in the event of a failure of these entities. All City investments held in custody and safekeeping by these entities are held in the name of the City and are segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

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**NOTE B – RECEIVABLES**

1. **Loans Receivable.** The City's outstanding loans receivable as of June 30, 2017 are summarized in **Table 8** below.

**Table 8**

**Loans Receivable**  
June 30, 2017

Borrower	Loan Date	Loan Amount	Loan Term/ Due Date	Interest Rate	Payment Frequency	Outstanding Balance
Big League Dreams Cathedral City, LLC <sup>1</sup>	07/30/98	\$4,350,239	09/30/27	7.093%	Quarterly	\$ 2,944,001
Cathedral City Heritage Park, L.P.	12/01/02	2,700,000	30 years <sup>2</sup>	5.00%	Annual <sup>3</sup>	4,408,310
Southern California Housing Development Corp.	05/01/03	1,000,000	30 years <sup>2</sup>	0.00%	Annual <sup>3</sup>	1,000,000
Southern California Housing Development Corp.	09/26/07	280,000	12/31/18 <sup>6</sup>	0.00%	Lump sum <sup>6</sup>	100,000
Cathedral Family Housing Partners, L.P.	09/21/07	4,006,162	55 years <sup>2</sup>	2.00%	Annual <sup>3</sup>	4,591,535
Terracina Cathedral City Apartments, L.P.	12/01/10	50,000	55 years <sup>2</sup>	3.00%	Annual <sup>3</sup>	53,690
Northwoods – Cathedral City LLC	08/14/01	325,000	33 years <sup>2</sup>	0.00%	Lump sum <sup>4</sup>	325,000
Low and moderate income housing property owners	Various	Various	Various	0.00%	Lump sum <sup>5</sup>	1,309,529
Accessories by Silk Florist	06/07/17	4,543	5 years	3.00%	Annual <sup>7</sup>	4,543
<b>Total</b>						<b>\$ 14,736,608</b>

<sup>1</sup> Amendment No. 1 dated September 30, 2015 reduced the interest rate from 10.02% to 7.093% and reduced quarterly payments from \$118,750 to \$100,000.

<sup>2</sup> From date certificate of completion was issued.

<sup>3</sup> From residual receipts, if any.

<sup>4</sup> At end of loan term.

<sup>5</sup> At time property owner refinances/sells the property or no longer qualifies for low/moderate income housing under established guidelines.

<sup>6</sup> Loan will be forgiven if developer invests \$100,000 in specific capital improvements within three years of the amendment.

<sup>7</sup> Loan will be forgiven in five installments over the next five years, provided the business satisfies criteria outlined within the agreement.

**Business Relocation Assistance Program.** On October 26, 2016, the City approved a program that would provide assistance to businesses relocating as the result of a City approved cannabis business moving into their existing location. Businesses choosing to relocate, may receive a forgivable loan equal to 50% of eligible moving expenses, up to \$20,000.

On June 7, 2017, the City entered into a Business Relocation Assistance agreement with Accessories by Silk Florist a local business displaced by a City approved cannabis business. The agreement provided \$4,543 of assistance through a loan agreement. Principal and interest will be forgiven in five installments over the next five years, provided the relocated business satisfies criteria outlined within the agreement.

**NOTE C – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The City's interfund balances and transfers as of June 30, 2017, are summarized below.

1. **Interfund Receivables/Payables.** Interfund receivable and payable balances are summarized in **Table 9** below.

**Table 9**

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 26,123	-
Nonmajor Governmental Funds	-	26,123
	<u>\$ 26,123</u>	<u>26,123</u>



All balances reported as “Due to/from” are short-term loans to cover temporary cash shortages as of June 30, 2017, and will be repaid in early fiscal year 2018. “Advances to/from” balances would represent long-term loan activity between various funds.

2. **Transfers.** Transfers report the nonreciprocal contribution from one fund to another. Generally, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move monies to support activities the government must account for in other funds in accordance with budgetary authorizations. Transfers are summarized in **Table 10** below.

Table 10

Transfers In	Transfers Out		
	General Fund	Nonmajor Governmental	Total
Public Financing Authority	\$ 372,197	-	372,197
Nonmajor Governmental	135,362	-	135,362
Internal Service: Equipment Fund	-	18,570	18,570
<b>Total</b>	<b>\$ 507,559</b>	<b>18,570</b>	<b>526,129</b>

During the year ended June 30, 2017, various interfund transfers listed above were made to finance expenditures and service debt. Significant transfers between the governmental and/or proprietary funds consisted of:

- Debt service payments (principal and interest) of \$372,197 from the General Fund (Big League Dreams fund) to the Public Financing Authority debt service fund.
- Maintenance cost contribution of \$135,362 from the General Fund to the Landscape and Lighting District special revenue fund (nonmajor governmental fund).
- Transfer of grants fund of \$18,570 from Police Grants Fund to Equipment Replacement fund for equipment purchase.

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**NOTE D – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, is shown in **Table 11** and **Table 12** below.

**1. Governmental Activities.****Table 11****Governmental Activities**

For the Year Ended June 30, 2017

	July 1	Additions	Deletions	Transfers	June 30
<b>Capital assets not being depreciated:</b>					
Land	\$ 28,639,255	246,904	(679,750)	-	28,206,409
Construction in progress	4,321,253	1,712,104	-	(215,588)	5,817,769
<b>Total capital assets not being depreciated</b>	<b>32,960,508</b>	<b>1,959,008</b>	<b>(679,750)</b>	<b>(215,588)</b>	<b>34,024,178</b>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	22,878,029	-	-	-	22,878,029
Structures and improvements	8,941,707	-	-	-	8,941,707
Vehicles, furniture and equipment	14,975,339	346,171	(389,653)	-	14,931,857
Infrastructure	184,375,914	-	-	215,588	184,591,502
Intangibles	406,817	-	-	-	406,817
<b>Total capital assets being depreciated</b>	<b>231,577,806</b>	<b>346,171</b>	<b>(389,653)</b>	<b>215,588</b>	<b>231,749,912</b>
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(13,516,604)	(847,226)	-	-	(14,363,830)
Structures and improvements	(5,537,719)	(477,143)	-	-	(6,014,862)
Vehicles, furniture and equipment	(11,701,390)	(756,839)	389,653	-	(12,068,576)
Infrastructure	(78,593,022)	(5,447,418)	-	-	(84,040,440)
Intangibles	(406,817)	-	-	-	(406,817)
<b>Total accumulated depreciation</b>	<b>(109,755,552)</b>	<b>(7,528,626)</b>	<b>389,653</b>	<b>-</b>	<b>(116,894,525)</b>
<b>Total capital assets being depreciated, net</b>	<b>121,822,254</b>	<b>(7,182,455)</b>	<b>-</b>	<b>215,588</b>	<b>114,855,387</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 154,782,762</b>	<b>(5,223,447)</b>	<b>(679,750)</b>	<b>-</b>	<b>148,879,565</b>

**2. Depreciation Expense.** Depreciation expense that was charged to governmental activities' functions is summarized in **Table 12** below.

**Table 12**

General government	\$ 517,150
Community development	470,540
Culture and recreation	270,405
Public safety	334,189
Public works, including depreciation of infrastructure assets	5,493,162
Capital assets held by internal service funds	443,180
<b>Total</b>	<b>\$ 7,528,626</b>

**3. Construction Commitments.** The City's governmental-type activities have entered into construction and professional services contracts having remaining commitments under contract greater than \$200,000 as of June 30, 2017, as shown in **Table 13** below.

**Table 13**

Project	Project No.	Remaining Commitments
Date Palm Drive / I-10 Interchange	8724	\$ 765,847
Jefferson Street / I-10 Interchange	8726	255,164
Date Palm Whitewater Bridge	8914	1,561,355
Whitewater Bike Trail Phase II	7015	1,878,340
<b>Total</b>		<b>\$ 4,460,706</b>

Commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date for authorized contracts are included as liabilities in the financial statements.

## NOTE E – LEASE OBLIGATIONS

1. **Capital Leases.** The governmental activities capital leases are for various equipment purchases and improvements made as summarized in **Table 14** below.

Table 14

Lessor	Purpose	Final Payment	Payment Frequency	Outstanding Balance
Motorola, Inc. <sup>1</sup>	Eastern Riverside County Interoperable Communications Authority (ERICA) backbone – dispatch/subscriber equipment.	10/01/18	Annual	\$ 464,839
Dell Financial Services	Upgrade server and storage capabilities.	04/01/19	Monthly	52,992
<b>Total</b>				<b>\$ 517,831</b>

<sup>1</sup> The former redevelopment agency committed to making the annual payments required under the agreement. The Successor Agency continues to fund the annual payments through the semi-annual Recognized Obligation Payment Schedule (ROPS).

The related net book values of plant and equipment under capital lease obligations as of June 30, 2017, are summarized in **Table 15** below.

Table 15

### Governmental Activities

Vehicles, furniture and equipment	\$ 2,151,511
Less accumulated depreciation	(1,580,879)
<b>Net book value</b>	<b>\$ 570,632</b>

**Table 16** is a schedule by year of future minimum lease obligations together with the present value of the net minimum lease payments as of June 30, 2017.

Table 16

Year	Governmental Activities
2018	\$ 277,739
2019	272,748
<b>Total minimum lease payments</b>	<b>550,487</b>
Less amounts representing interest	(32,656)
<b>Present value of minimum lease payments</b>	<b>\$ 517,831</b>

2. **Operating Leases.** The City is committed under various cancelable leases for property and equipment. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2017, were approximately \$17,638 for governmental activities. The City expects these leases to be replaced in the ordinary course of business with similar leases. Future minimum lease payments should be approximately the same amount.

**NOTE F – LONG-TERM DEBT**

1. **Lease Revenue Bonds.** The 2015 Lease Revenue Refunding Bonds were issued to refund the outstanding 1997 Taxable Lease Revenue Bonds (“1997 Bonds”). The 1997 Bonds proceeds were loaned to the City, who in turn made a construction loan to Big League Dreams to develop a sports complex and community park. Bonds outstanding at June 30, 2017, are summarized in **Table 17** below.

Table 17

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount	Outstanding Balance
Taxable Lease Revenue Refunding, Series 2015A	07/09/15	\$3,768,000	4.25%	08/01/27	-	-	\$ 3,322,000
<b>Total</b>							<b>\$ 3,322,000</b>

Lease revenue bonds’ debt service requirements to maturity are summarized in **Table 18** below.

Table 18

Year	Governmental Activities	
	Principal	Interest
2018	\$ 241,000	136,064
2019	254,000	125,545
2020	266,000	114,495
2021	277,000	102,956
2022	287,000	90,971
2023 – 2027	1,627,000	257,231
2028	370,000	7,863
<b>Total</b>	<b>\$ 3,322,000</b>	<b>835,125</b>

The City pledged certain lease revenues to repay the bonds. The bonds are payable solely from these lease revenues. Although the lease revenues were projected to produce sufficient revenues to meet the debt service requirements over the life of the bonds, the City has not pledged the full faith and credit of the City for the payment of the lease payments or any other payments due under the lease agreements. In the event the City’s revenue sources are less than its total obligations, the City could choose to fund other municipal services before making lease payments and other payments under the lease agreements. For the current year, principal and interest paid and total lease revenues received were \$378,115.

2. **Tax Allocation Bonds (TABs).** Tax allocation bonds were generally issued to finance the construction and acquisition of certain capital improvements in the designated project areas of the former redevelopment agency. In addition, proceeds of housing-related bonds were used by the former redevelopment agency to increase, improve, and preserve the supply of low/moderate income housing. Bonds outstanding at June 30, 2017, are summarized in **Table 19** below.

Table 19

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount <sup>1</sup>	Outstanding Balance
2000 TAB, Series A (Capital Appreciation Bonds)	03/30/00	\$ 2,221,000	6.00% - 6.15%	08/01/33	1,085,000	Surety bond	\$ 2,221,000
2004 TAB, Series B	12/02/04	8,630,000	4.93% - 5.87%	08/01/34	598,165	Surety bond	6,530,000
2007 TAB, Series A	03/09/07	29,740,000	4.50%	08/01/35	1,700,217	Surety bond	29,740,000
2007 TAB, Series B	03/09/07	53,400,000	5.14% - 5.39%	08/01/31	3,052,844	Surety bond	39,890,000
2007 TAB, Series C	03/09/07	31,860,000	4.00% - 5.00%	08/01/35	2,148,925	2,152,063	26,505,000
<b>Total</b>							<b>\$ 104,886,000</b>

<sup>1</sup> A reserve account surety bond was held to meet the reserve requirement, except for the 2007 TAB, Series C. For those bonds, a portion of the bond proceeds was set aside to fund the reserve.

Tax allocation bonds' debt service requirements to maturity are summarized in **Table 20** below.

**Table 20**

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest <sup>2</sup>
2018	\$ 3,025,000	5,039,615
2019	3,175,000	4,885,248
2020	3,330,000	4,720,115
2021	3,505,000	4,545,541
2022	3,680,000	4,358,247
2023 – 2027	22,542,986	22,327,371
2028 – 2032	28,860,366	16,564,256
2033 – 2036	36,767,648	5,141,211
<b>Total</b>	<b>\$ 104,886,000</b>	<b>67,581,604</b>

<sup>1</sup> Does not include unamortized premiums of \$146,576.

<sup>2</sup> Does not include accreted interest of \$3,856,376.

The City pledged a portion of future property tax increment revenues to repay the outstanding bonds. The bonds are payable solely from these incremental property taxes generated by increased property values in the project areas.

All California redevelopment agencies were dissolved as of February 1, 2012, as a result of Assembly Bill 1X 26. The City agreed to serve as the "successor agency" to the former redevelopment agency. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution. In future fiscal years, successor agencies will only be allocated property tax revenues in the amount necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated. (See **Note III-H – Successor Agency Trust Funds for Assets of Former Redevelopment Agency.**)

Contributions (property taxes) received from the Successor Agency during the fiscal year ended June 30, 2017 totaled \$8,068,752.

- Limited Obligation Bonds (LOBs).** The Local Agency Revenue Bonds, Series 2015A (Limited Obligations) bond proceeds were used to purchase the entire outstanding Limited Obligation Refunding Improvement Bonds, City of Cathedral City Assessment District No. 96-1 (Rio Vista); Limited Obligation Improvement Bonds, Assessment District No. 2001-01; Limited Obligation Improvement Bonds, 35<sup>th</sup> Avenue Assessment District No. 2003-01; Limited Obligation Improvement Bonds, Dream Homes Assessment District No. 2004-01; and Limited Obligation Improvement Bonds, Cove Improvement District No. 2004-02. These outstanding bonds are collectively referred to as the "Local Obligation Issues." Repayment of the Local Agency Revenue Bonds, Series 2015A (Limited Obligations) is secured solely by principal and interest payments received from the purchased Local Obligation Issues.

Due to a banking error the debt service reserve account went below the minimum requirement as of June 30, 2017. Cash held with fiscal agent for the Local Agency Revenue Bond, Series 2015A was above the minimum debt service reserve requirement at year end, but was not held in the bond's reserve account. The bank corrected the error in September 2017.

Bonds outstanding at June 30, 2017, are summarized in **Table 21** below.

Table 21

Bonds	Issue Date	Issue Amount	Interest Rate	Final Payment Date	Reserve Required	Reserve Amount	Outstanding Balance
Local Agency Revenue Bonds, Series 2015A (Limited Obligations)	09/02/15	\$39,100,000	3.14% - 3.94%	09/02/35	\$1,511,250	\$771,279	\$ 37,410,000
<b>Total</b>							<b>\$ 37,410,000</b>

Limited obligation bonds' debt service requirements to maturity are summarized in **Table 22** below.

Table 22

Year	Governmental Activities	
	Principal	Interest
2018	\$ 1,605,000	1,409,015
2019	1,675,000	1,347,500
2020	1,725,000	1,283,719
2021	1,800,000	1,217,577
2022	1,855,000	1,148,993
2023 – 2027	10,385,000	4,622,744
2028 – 2032	9,780,000	2,684,322
2033 – 2036	8,585,000	652,563
<b>Total</b>	<b>\$ 37,410,000</b>	<b>14,366,433</b>

4. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2017, is summarized in **Table 23** below.

Table 23

Governmental Activities	July 1	Additions	Deletions	June 30	Due within one year
<b>Bonds:</b>					
Lease revenue	\$ 3,554,000	-	(232,000)	3,322,000	241,000
Tax allocation	107,771,000	-	(2,885,000)	104,886,000	3,025,000
Limited obligation	39,100,000	-	(1,690,000)	37,410,000	1,605,000
Unamortized bond premium	154,681	-	(8,105)	146,576	-
Accreted interest	3,502,969	353,406	-	3,856,375	-
<b>Total bonds</b>	<b>154,082,650</b>	<b>353,406</b>	<b>(4,815,105)</b>	<b>149,620,951</b>	<b>4,871,000</b>
Capital lease obligations	917,257	-	(399,426)	517,831	255,897
<b>Total bonds and capital lease obligations</b>	<b>154,999,907</b>	<b>353,406</b>	<b>(5,214,531)</b>	<b>150,138,782</b>	<b>5,126,897</b>
<b>Other long-term liabilities:</b>					
Compensated absences	3,449,576	2,560,389	(2,278,281)	3,731,684	2,100,000
Net pension liability	22,664,383	11,826,655	(3,699,019)	30,792,019	-
Other postemployment benefits	31,911,708	5,766,543	(1,546,228)	36,132,023	-
Claims and judgments	2,892,368	944,549	(480,144)	3,356,773	1,000,000
<b>Total other long-term liabilities</b>	<b>60,918,035</b>	<b>21,098,136</b>	<b>(8,003,672)</b>	<b>74,012,499</b>	<b>3,100,000</b>
<b>Total Governmental Activities</b>	<b>\$ 215,917,942</b>	<b>21,451,542</b>	<b>(13,218,203)</b>	<b>224,151,281</b>	<b>8,226,897</b>

5. **Special Assessment Debt with No City Commitment.** Special assessment districts ("Districts") in various parts of the City have issued debt under the 1915 Bond Act and Mello-Roos Special Tax Act to finance infrastructure improvements and facilities within their boundaries. The 1915 Act Bonds are not a general



obligation of the City and neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these Districts. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in general long-term debt of the City. **Table 24** summarizes the outstanding balance of each of these issues as of June 30, 2017.

Table 24

Bonds	Issue Year	Maturity Year	Outstanding Balance
Assessment District No. 2001-01 Limited Obligation Improvement Bonds	2001	2026	\$ 1,780,000
Community Facilities District No. 2000-1 Special Tax Bonds	2001	2030	10,415,000
Assessment District 96-1 (Rio Vista), Series 2004, Limited Obligation Refunding Improvement Bonds	2004	2026	2,801,238
35 <sup>th</sup> Avenue Assessment District No. 2003-01 Limited Obligation Improvement Bonds	2004	2034	4,700,000
Dream Homes Assessment District No. 2004-01 Limited Obligation Improvement Bonds	2004	2034	4,395,000
Cove Improvement District No. 2004-02 Limited Obligation Improvement Bonds	2005	2035	25,060,000
<b>Total</b>			<b><u>\$ 49,151,238</u></b>

6. **Arbitrage.** The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Department of Treasury at least every five years. During the current year, the City performed calculations of excess investment earnings on a special assessment bond with no City commitment and determined the liability to be zero at June 30, 2017.

## NOTE G – FUND BALANCES

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. When expenditures are incurred that use funds from more than one classification, the City will generally determine the order which the funds are used on a case-by-case basis, taking into account any application requirements of grant agreements, contracts, business circumstances, or other constraints. If no restrictions otherwise exist, the order of spending of resources will be restricted, committed, assigned and lastly, unassigned.

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Fund balances by classification are detailed in **Table 25** below.

Table 25

	General	Developer Fees	Successor Housing Agency	Public Financing Authority	Areawide Capital Projects	Nonmajor Funds	Total
<b>Nonspendable</b>	\$ 10,267	-	-	-	-	770	11,037
<b>Restricted:</b>							
Capital projects	-	-	-	-	5,955,311	6,203,228	12,158,539
Commercial building operations	50,000	-	-	-	-	-	50,000
Community development	-	93,796	-	-	-	4,562,025	4,655,821
Debt service	2,944,001	-	-	43,255,403	-	-	46,199,404
Low-mod income housing	-	-	17,193,342	-	-	-	17,193,342
Public safety	-	-	-	-	-	1,739,837	1,739,837
Public works	-	-	-	-	-	2,462,274	2,462,274
<b>Total Restricted</b>	<b>2,994,001</b>	<b>93,796</b>	<b>17,193,342</b>	<b>43,255,403</b>	<b>5,955,311</b>	<b>14,967,364</b>	<b>84,459,217</b>
<b>Assigned:</b>							
Capital projects	-	-	-	-	297,048	-	297,048
Commercial building operations	100,489	-	-	-	-	-	100,489
Debt service	786,561	-	-	-	-	-	786,561
Subsequent year's expenditures	3,450,571	-	-	-	-	-	3,450,571
Live Arts	2,948	-	-	-	-	-	2,948
<b>Total Assigned</b>	<b>4,340,569</b>	-	-	-	<b>297,048</b>	-	<b>4,637,617</b>
<b>Unassigned:</b>							
Budget reserves	1,749,611	-	-	-	-	-	1,749,611
Cash flow reserves	8,748,057	-	-	-	-	-	8,748,057
Economic uncertainties	6,998,446	-	-	-	-	-	6,998,446
Unassigned	160,263	-	-	-	-	(79,270)	80,993
<b>Total Unassigned</b>	<b>17,656,377</b>	-	-	-	-	<b>(79,270)</b>	<b>17,577,107</b>
<b>Total Fund Balances</b>	<b>\$ 25,001,214</b>	<b>93,796</b>	<b>17,193,342</b>	<b>43,255,403</b>	<b>6,252,359</b>	<b>14,888,864</b>	<b>106,684,978</b>

- 1. Nonspendable Fund Balances.** Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

The City has prepaid assets of \$11,037, which is in nonspendable form.

- 2. Restricted Fund Balances.** Restricted fund balances represent amounts constrained by external parties, enabling legislation and/or constitutional provisions.

The City has \$84,459,217 in total restricted fund balance. Restrictions include:

- \$46,199,404 – restricted for debt service repayment based on bond indentures and loan agreements.
- \$17,193,342 – restricted for low and moderate income housing authorized activities in accordance with the California Government Code and Section 33000 of the Health and Safety Code.
- \$12,158,539 – restricted for capital projects based on bond indentures, grant agreements, and other external parties.
- \$2,462,274 – restricted for public works improvements as these monies are received from State and County allocations and local district assessments that have restrictions on their use.
- \$4,655,821 – restricted for community development activities as these monies are received from developers and grant agreements and must be used for specific purposes.
- \$1,739,837 – restricted for public safety activities as these monies are received from developers, grant agreements and donations and must be used for specific purposes.
- \$50,000 – restricted for operating a commercial building owned by the City and managed by a third party. The third party management agreement requires the City to maintain a minimum working capital balance of \$50,000 with the management company.

3. **Committed Fund Balances.** Committed funds can only be used for specific purposes pursuant to constraints imposed by City Council, the highest level of decision-making authority in the City. City Council's formal action to establish committed funds, and to rescind committed funds, is through passage of a resolution. The City currently has no committed fund balances.
4. **Assigned Fund Balances.** Assigned fund balances are intended for specific purposes but do not require an action by City Council. Although City Council can assign funds, this is generally performed by the City Manager and/or Administrative Services Director.

The City has \$4,637,617 in total assigned fund balance. Of this total, assignments have been made for subsequent year's expenditures related to the adopted biennial budget deficit in fiscal years 2017-18 and 2018-19 (\$3,450,571), future debt service related to Big League Dreams lease revenue bonds (\$786,561), ongoing capital projects (\$297,048), funds in excess of the minimum working capital balance related to the commercial building owned by the City (\$100,489), and supporting the Live Arts program (\$2,948).

5. **Unassigned Fund Balances.** Unassigned fund balance is the residual classification for the General Fund. A negative unassigned fund balance occurs when expenditures exceed amounts that are nonspendable, restricted, committed, or assigned. The Fire Department Special Revenues fund had a deficit balance reported at June 30, 2017, due to timing of expenditures and reimbursements from grants. The General Fund (as reported) had amounts set aside for cash flow reserves (\$8,748,057), future economic uncertainties (\$6,998,446), and budget reserves (\$1,749,611) in accordance with the updated fund balance policy (Resolution 2014-37, September 10, 2014) and the remaining unassigned fund balance of \$80,993.

#### NOTE H – SUCCESSOR AGENCY TRUST FUNDS FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

Assembly Bill 1X 26 ("the Bill") dissolved all redevelopment agencies in the State of California effective February 1, 2012. This action impacted the reporting entity of the City of Cathedral City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On May 25, 2011, the City Council elected to become the successor agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 2011-133 in the event of dissolution.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

1. **Cash and Investments.** Cash and investments reported in the accompanying financial statements as of June 30, 2017, are summarized in **Table 26** below.

Table 26

	Successor Agency Trust Funds
Cash and investments pooled with City	\$ 12,201,974
Restricted cash and investments	<u>1,163,951</u>
<b>Total Cash and Investments</b>	<b><u>\$ 13,365,925</u></b>

2. **Long-Term Debt.** Long-term debt reported in the accompanying financial statements as of June 30, 2017, is summarized in **Table 27** below.

Table 27

	Date	Amount	Interest Rate	Final Payment Date	Outstanding Balance
Notes payable:					
CJR Investment Partnership	12/29/86	\$2,788,423	2% over Wells Fargo prime rate	11/22/27 <sup>1</sup>	\$ 13,866,170
2014A Tax Allocation Refunding Bonds	09/15/14	46,140,000	2.00% - 5.00%	08/01/34	41,590,000
2014B Tax Allocation Refunding Bonds	09/15/14	15,630,000	2.00% - 5.00%	08/01/33	14,400,000
2014C Tax Allocation Refunding Bonds	09/15/14	11,985,000	0.70% - 4.75%	08/01/33	<u>10,935,000</u>
2014 TARB - total					66,925,000
Other tax allocation bonds <sup>2</sup>					<u>-</u>
<b>Total</b>					<b><u>\$ 80,791,170</u></b>

<sup>1</sup> Any unpaid principal and interest owed by the former redevelopment agency will be forgiven at the end of the note term.

<sup>2</sup> Various tax allocation bonds were issued by the Public Financing Authority. The bond proceeds were either loaned to the former redevelopment agency or used to purchase tax allocation bonds issued simultaneously by the former redevelopment agency. In the Comprehensive Annual Financial Report, activity related to the tax allocation bonds has consistently been reported in the Public Financing Authority fund. Although the tax allocation bonds are also a debt of the former redevelopment agency, activity will continue to be reported under the Public Financing Authority to avoid reporting the same debt twice. Refer to **Note III-F.2** for a complete discussion of the outstanding other tax allocation bonds.

Successor agencies are subject to the control of an oversight board, whereby remaining assets can only be used to pay enforceable obligations. Successor agencies will only be allocated property tax revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations until all enforceable obligations have been paid in full and all assets have been liquidated.

The Successor Agency has pledged a portion of future tax increment revenue that it receives, as security for the refunding bonds issued. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the various bonds is \$97,249,296, payable through August 2034. For the current year, principal and interest paid and total property tax revenues were \$6,364,758 and \$15,016,945, respectively.

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The 2014 Tax Allocation Refunding Bonds' debt service requirements to maturity are summarized in **Table 28** below.

Table 28

Year	Governmental Activities	
	Principal <sup>1</sup>	Interest
2018	\$ 3,180,000	3,159,237
2019	3,300,000	3,025,898
2020	3,455,000	2,870,002
2021	3,605,000	2,703,821
2022	3,780,000	2,527,935
2023 – 2027	17,710,000	10,030,934
2028 – 2032	21,280,000	5,367,719
2033 – 2035	10,615,000	638,750
<b>Total</b>	<b>\$ 66,925,000</b>	<b>30,324,296</b>

<sup>1</sup> Does not include unamortized premiums of \$7,016,576 and unamortized discounts of \$156,131.

3. **Changes in Long-Term Liabilities.** Long-term liability activity for the year ended June 30, 2017, is summarized in **Table 29** below.

Table 29

	July 1	Additions	Deletions	June 30	Due within one year
Notes payable	13,144,580	722,952	(1,362)	13,866,170	-
2014 Tax Allocation Refunding Bonds	70,030,000	-	(3,105,000)	66,925,000	3,180,000
Unamortized bond premium	7,434,167	-	(417,591)	7,016,576	-
Unamortized bond discount	(165,839)	-	9,708	(156,131)	-
<b>Total</b>	<b>\$ 90,442,908</b>	<b>722,952</b>	<b>(3,514,245)</b>	<b>87,651,615</b>	<b>3,180,000</b>

4. **Loan Guarantees.** On April 23, 2003, the former redevelopment agency agreed to guaranty monthly loan payments in favor of Royal Indemnity Company on behalf of Palm Canyon Partners, LLC (the "Landlord") in the amount of \$99,826 per month. These payments are funded by rent payments made by the tenant, North American Cinema, Inc. (NACI), to the former redevelopment agency for a 14 screen multiplex theater complex (Mary Pickford Theatre) that opened in 2001.

In June 2005, Palm Canyon Partners, LLC sold the property to MPT 1 Investors, LLC and MPT 2 Investors, LLC (the "Landlords") as tenants in common. On July 5, 2005, a new lease guaranty was signed in favor of IXIS Real Estate Capital, Inc. under the same terms as the previous lease guaranty. In October 2007, the landlords and the former redevelopment agency amended the loan guaranty to change the lender from IXIS Real Estate Capital, Inc. to LaSalle Bank National Association.

In April 2009, Rolling Hills Silver Spur Pickford Theatre, LLC assumed the loan from MPT 1 Investors, LLC and MPT 2 Investors, LLC. In addition, MPT 1 Investors, LLC and MPT 2 Investors, LLC assigned all of its rights, title and interest as landlord under the lease agreement to Rolling Hills Silver Spur Pickford Theatre, LLC.

In June 2011, the second amendment to the Redevelopment Assistance Agreement was approved. This amendment would have extended the former redevelopment agency guaranty for a period of five years (June 16, 2016 through June 15, 2021) at a maximum sum of \$500,000 per year. This extension was conditioned on

an approved and executed disposition and development agreement (DDA). The DDA was not executed; therefore, the amendment is no longer effective.

As of June 30, 2017, no payments remain on the original guarantee.

**5. Commitments.** The former redevelopment agency made commitments for funding the following agreements:

- **Motorola, Inc.** On September 26, 2008, the City entered into an equipment lease-purchase agreement with Motorola, Inc. for the purpose of financing dispatch and subscriber equipment utilizing the ERICA (Eastern Riverside County Interoperable Communications Authority) backbone. Upon payment completion, the equipment contained therein shall become the property of the City without further payment. On April 1, 2009, the agreement was amended because of a scope reduction in the equipment required. The amendment reduced the total price of the agreement and the payment schedule was modified accordingly. The former redevelopment agency committed to making the annual payments required under the agreement. Refer to **Note III-E.1** for additional information.
- **Cooperation Agreement with City for Administrative Services.** On January 26, 2011, the former redevelopment agency and the City entered into a cooperation agreement for the provision of staff support, office space on a full gross basis, janitorial support, administrative and financial support, human resource and legal support, as well as use of general office equipment and telephone and information services, use of pool vehicles, and use of meeting space. The initial cost for these services was \$2.6 million annually beginning in fiscal year 2010/11. This amount may be increased annually in accordance with increases in the Consumer Price Index for All Urban Consumers – Los Angeles, Riverside, Orange County Area (1967 = 100). Reimbursement is subject to the administrative cost limit of the Assembly Bill 1X 26, which is the greater of 3% of monies received from the Redevelopment Property Tax Trust Fund or \$250,000.
- **Grant Agreement with Downtown Foundation.** On January 17, 2011, the former redevelopment agency and the Downtown Foundation entered into a grant agreement whereby the former redevelopment agency will provide annual funding of \$400,000 to the Downtown Foundation through December 31, 2036 or as long as an operating deficit existed. The agreement ended during the current fiscal year because there were no more bond monies to fund any potential deficits.
- **Owner Participation Agreements (OPA).** The former redevelopment agency entered into various owner participation agreements during its lifetime. No liabilities have been reflected in the accompanying financial statements at June 30, 2017, for the following agreements.

**Palm Springs Motors.** On January 7, 2007, the former redevelopment agency and Palm Springs Motors entered into an owner participation agreement granting the developer up to \$1,000,000 to expand the automobile dealership. Payments are equal to 50% of the incremental sales tax for the particular calendar quarter, but cannot exceed the annual cap of \$250,000. Amounts due in excess of the calendar year cap will be added to the following year payment, but will remain subject to the annual cap. The eligibility period is the earlier of the date the assistance is paid in full, or the thirteenth anniversary of the completion date, whether or not the assistance reaches the \$1,000,000 ceiling. The certificate of completion was issued on June 23, 2010. Therefore, the latest date for this agreement is June 23, 2023.

On June 23, 2010, Amendment No. 1 to the OPA with Palm Springs Motors modified certain terms and conditions of the original agreement. The payment schedule was modified to decrease the annual cap to \$105,000.

**City Urban Revitalization Corporation (CURC).** On January 17, 2011, the former redevelopment agency and CURC entered into an owner participation agreement granting the developer up to



\$250 million in available bond proceeds and existing and future tax increment monies to develop various projects in the Downtown Area. Disbursal of funds will be authorized only following approval of specific projects and activities consistent with the former redevelopment agency's Implementation Plan.

On February 23, 2011, the former redevelopment agency and CURC entered into Amendment No. 1 to the agreement. The amendment only clarified use of the proceeds and did not commit any additional financial resources.

- 6. Insurance.** The Successor Agency is covered under the City's insurance policies. Additional information as to coverage and self-insurance retentions can be found in **Note IV-A**.

#### IV. OTHER NOTE DISCLOSURES

##### NOTE A – RISK MANAGEMENT

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-two participating member agencies with equal governing and no management authority. The City of Cathedral City joined PERMA on July 25, 1985, for the purpose of long-term premium stability. The City participates in the general liability and worker's compensation coverage programs of PERMA.

PERMA's general liability program provides coverage of \$1 million subject to the City's self-insurance retention of \$250,000. Additional coverage up to \$50 million is subject to PERMA's retained limit of \$1 million through the California State Association of Counties Excess Insurance Authority.

PERMA's workers' compensation program provides coverage of \$500,000 (PERMA's limit of liability) subject to the City's self-insurance retention of \$250,000. Excess insurance coverage is limited to statutory levels for workers' compensation and \$5 million for employer's liability.

Estimates for all workers' compensation and general liabilities, up to the self-insured levels, are recorded in an internal service fund. Claims payable for the self-insurance liability, including a provision for incurred but not reported claims, was \$3,356,773 at June 30, 2017. Settled claims from general liability and workers' compensation risks have not exceeded commercial insurance coverage for the past three years.

Changes in claims liabilities for the past two years are summarized in **Table 30** below.

**Table 30**

Year	Beginning Balance	Claims Incurred/ Changes in Estimates	Claims Payments	Ending Balance
2015-16	\$ 2,224,935	\$ 1,600,050	\$ (932,617)	\$ 2,892,368
2016-17	2,892,368	944,549	(480,144)	3,356,773

<sup>1</sup> Claims incurred during the year are not specifically reported by PERMA. As a result, the claims incurred and changes in estimates amounts have been combined.

##### NOTE B – PENSION PLAN

###### 1. General Information about the Pension Plan

**Plan Description.** All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California

Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors eight rate plans (three miscellaneous and five safety). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

**Benefits Provided.** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2017, are summarized in **Tables 31** through **33** as follows:

**Table 31****Plan Provisions – Safety Plan (Police)**

	<b>TIER 1*</b>		<b>PEPRA</b>
Hire Date	Prior to January 1, 2013		On or After January 1, 1013
Benefit Formula	3% @ 55		2.7% @ 57
Benefit Vesting Schedule	5 years service		5 years service
Benefit Payments	Monthly for life		Monthly for life
Retirement Age	50 (minimum)		50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs		2.0% - 2.7% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%		11.5%
Required Employer Contribution Rates	16.689%		12.082%

\* Closed to new entrants.

**Table 32****Plan Provisions – Safety Plan (Fire)**

	<b>TIER 1*</b>	<b>TIER 2*</b>	<b>PEPRA</b>
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 1013
Benefit Formula	3% @ 55	2% @ 55	2% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	50 (minimum)
Monthly Benefits, as a % of Eligible Compensation	2.4% - 3.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 55+ yrs	1.426% - 2.0% 50 yrs – 57+ yrs
Required Employee Contribution Rates	9.0%	7.0%	9.5%
Required Employer Contribution Rates	17.689%	12.055%	9.418%

\* Closed to new entrants.

Table 33

## Plan Provisions – Miscellaneous Plan

	TIER 1*	TIER 2*	PEPRA
Hire Date	Prior to November 25, 2012	On or After November 25, 2012 and Prior to January 1, 2013	On or After January 1, 1013
Benefit Formula	2% @ 55	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50 (minimum)	50 (minimum)	52 (minimum)
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418% 50yrs – 63+ yrs	1.092% - 2.418% 50 yrs – 63+ yrs	1.0% - 2.5% 52 yrs – 67+ yrs
Required Employee Contribution Rates	7.0%	7.0%	6.25%
Required Employer Contribution Rates	8.830%	7.159%	6.555%

\* Closed to new entrants.

**Contributions.** Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Plan for the year ended June 30, 2017 were \$3,973,372, resulting in an increase to the City's net pension liability by \$496,022.

## 2. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to the Pension.

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$30,792,019.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan was measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 is summarized in **Table 34** below.

Table 34

	Proportion June 30, 2015	Proportion June 30, 2016	Change - Increase/ (Decrease)
Safety	0.502033%	0.513680%	(0.011647%)
Miscellaneous	0.330813%	0.330790%	0.000023%

For the year ended June 30, 2017, the City recognized pension expense of \$4,469,393 for the plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the sources identified in **Table 35** below.

**Table 35**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,973,372	-
Differences between actual and expected experience	19,789	(138,150)
Changes in assumptions	-	(769,796)
Differences between the employer's contributions and the employer's proportionate share of contributions	1,019,440	(658,861)
Changes in employer's proportion	337,315	(3,904,086)
Net difference between projected and actual earnings on plan investments	3,836,589	-
<b>Total</b>	<b>\$ 9,186,505</b>	<b>(5,470,893)</b>

\$3,973,372 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as summarized in **Table 36** below.

**Table 36**

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2017	\$ (1,755,717)
2018	(1,258,089)
2019	1,758,553
2020	997,493
Thereafter	-

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability.** For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities were based on the actuarial methods and assumptions summarized in **Table 37** below.

**Table 37****Actuarial Assumptions**

	Pension Plan
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds.
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter.

<sup>1</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study Report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under 'Forms and Publications' ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

**Discount Rate.** The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested the plan that would most likely result in a discount rate different from the actuarially assumed discount rate. Based on the testing, tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to the plan in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 – 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Table 38** below reflects the long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

Table 38

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1- 10 <sup>(a)</sup></b>	<b>Real Return Years 11+ <sup>(b)</sup></b>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
<b>Total</b>	<b><u>100.0%</u></b>		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** **Table 39** on the following page presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate.

Table 39

	Discount Rate 1% Decrease 6.65%	Current Discount Rate 7.65%	Discount Rate 1% Increase 8.65%
City's Proportionate Share of the Net Pension Liability:	\$ 50,425,298	30,792,019	14,639,508

**Additional Financial and Actuarial Information.** Additional financial and actuarial information required for GASB Statement No. 68 disclosures is located in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016, and the CalPERS' GASB 68 Accounting Valuation Reports for the public agency miscellaneous and safety risk pool, which can be found on CalPERS' website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

### 3. Payable to the Pension Plan

At June 30, 2017, the City reported a payable of \$79,445 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

## NOTE C – OTHER POSTEMPLOYMENT BENEFITS

Substantially all full-time employees and their eligible dependents are eligible for post-retirement health care benefits under the CalPERS-sponsored health plans currently funded during the employees' active service.

- 1. Plan Description.** By Council resolution and through agreements with its labor units, the City provides certain health care benefits for employees who retire directly from the City. Employees taking a qualified retirement under the CalPERS system within 120 days of separation from the City may elect to participate in such group health insurance policies as are provided by the City under the following conditions: (a) the unit member must be age 50 and have worked for the City at least 5 years prior to retiring; and (b) all retired unit members shall be eligible for a City-paid contribution up to the applicable cap(s) depending on whether the employee was hired before or after January 1, 2013. Employees hired after January 1, 2013 are subject to a vesting schedule that ranges from 50% at 10 years of CalPERS service and increasing to 100% at 20 or more years, except for employees taking a disability retirement, whereby they are 100% vested. In addition to the group health insurance, the City will continue to pay the full premiums for both dental and vision insurance, as applicable to each of the respective labor unit agreements as long as the medical premiums are under the respective caps. The plan is a single-employer defined benefit plan. Since no assets are legally segregated for the sole purpose of paying benefits under the Plan, the plan does not issue a separate financial report.
- 2. Funding Policy.** The plan is funded on a pay-as-you-go basis. There is no requirement imposed by CalPERS to contribute any amount beyond the pay-as-you-go contributions. No additional contributions have been made to date.

The amount necessary to fund future benefits is based on projections from the January 1, 2015, actuarial study completed by Bartel Associates, LLC in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

For the year ended June 30, 2017, the City made contributions totaling \$1,546,228, of which \$1,546,228 represented current contributions. Premium contributions of \$22,526 were paid by retirees in excess of the monthly contribution established by the City.

- 3. Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.



**Table 40** summarizes the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

**Table 40**

Annual required contribution	\$ 6,847,384
Interest on net OPEB obligation	1,245,543
Adjustment to annual required contribution	<u>(2,326,384)</u>
<b>Annual OPEB cost</b>	<b>5,766,543</b>
Employer contributions	<u>(1,546,228)</u>
<b>Increase in net OPEB obligation</b>	<b>4,220,315</b>
Net OPEB obligation, July 1	<u>31,911,708</u>
<b>Net OPEB obligation, June 30</b>	<b>\$ 36,132,023</b>

The net OPEB obligation of \$36,132,023 is included as a noncurrent liability on the Statement of Net Position. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the previous two years are shown in **Table 41** below.

**Table 41**

Fiscal Year Ended	Annual OPEB Cost	Contributions	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/15	3,661,087	1,116,349	30.5%	29,280,078
06/30/16	3,845,917	1,214,287	31.6%	31,911,708
06/30/17	5,766,543	1,546,228	26.8%	36,132,023

4. **Funded Status and Funding Progress.** The funded status for the year ended June 30, 2017, is summarized in **Table 42** (as of January 1, 2015, the most recent actuarial valuation date).

**Table 42****OPEB**

June 30, 2017

Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
\$ 60,680,000	\$ -	\$ 60,680,000	0.0%	\$ 14,053,000	431.8%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following these notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. **Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations as summarized in **Table 43** of the following page.

Table 43

**Actuarial Methods and Assumptions – OPEB**

Actuarial valuation date	January 1, 2015
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years (as of June 30, 2017)
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation	3.00%
Projected salary increases	3.25%
Healthcare cost trend	7.0% (non-Medicare) and 7.2% (Medicare) for 2017, reduced each year thereafter until an ultimate rate of 5% is reached in 2021
Retirement age	61.0 (miscellaneous employees), 55.9 (public safety-police), and 56.4 (public safety-fire)

**NOTE D – TAX ABATEMENT PROGRAMS**

In accordance with GASB 77, *Tax Abatement Disclosures*, information related to the City's Tax Abatement Programs are summarized below, in **Table 44**.

Table 44

Cathedral City Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	<b>TAX ABATEMENT PROGRAMS</b>	
	<b>Local Sales Tax Sharing</b>	<b>Transient Occupancy Tax Sharing</b>
<b>Purpose of the Program</b>	Encourage economic development through commercial growth. Program is designed to retain, expand and attract commercial businesses along with the economic benefits associated with them.	Provide incentive program for the renovation and opening of existing and new hotel facilities. The program is designed to enhance the tourist and travel experiences of City visitors, provide amenities to the public, assist the City in achieving tourism goals and increase the transient occupancy tax revenue of the City.
<b>Tax Being Abated</b>	Local Sales Tax (LST)	Transient Occupancy Tax (TOT)
<b>Authority under which abatement agreements are entered</b>	Cathedral City (CC) Ordinance 730 § 1, 2013; CC Ordinance 712 § 1, 2012	CC Ordinance 729 § 1, 2013; CC Ordinance 713 § 1, 2012
<b>Criteria to be eligible to receive abatement</b>	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.	All applicants must demonstrate a need for the improvement and provide evidence of the ability to construct the improvement to the satisfaction of the City.
<b>How recipient's taxes are reduced</b>	Entities with sharing agreements, receive a rebate of LST after they have filed and paid all required taxes within a reporting period.	Entities with sharing agreements, receive a rebate of TOT after they have filed and paid all required taxes within a reporting period.
<b>How amount of abatement is determined</b>	A percentage is applied to the eligible LST increment.	A percentage is applied to the eligible TOT increment.
<b>Provisions for recapturing abated taxes</b>	N/A	N/A
<b>Types of commitments made by the City other than to reduce taxes</b>	N/A	N/A
<b>Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement</b>	\$106,318	\$322,646

**NOTE E – JOINTLY GOVERNED ORGANIZATION**

On July 16, 2008, the City joined with the cities of Indio, Palm Springs, Beaumont and Desert Hot Springs to create the Eastern Riverside County Interoperable Communications Authority (ERICA) by a joint exercise of powers agreement under the laws of the State of California. The primary purpose of ERICA is to acquire, plan, design, finance, construct, operate, and maintain a regional communications system serving the Coachella Valley and individual political jurisdictions therein. ERICA is governed by a Board of Directors, which consists of one official of the governing body of each member agency, who shall be appointed by the governing body. The debts, liabilities, and obligations of ERICA do not constitute debts, liabilities, or obligations of the member agencies, either jointly or severally.

During the year ended June 30, 2017, the City reimbursed the City of Indio \$207,576 for its proportional share of ongoing costs.

**NOTE F – CONTINGENCIES**

The City is a defendant in pending lawsuits of a nature common to many similar jurisdictions. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The City is self-insured and participates in a public entity risk pool as described in **Note IV-A**.

## REQUIRED SUPPLEMENTARY INFORMATION







## Required Supplementary Information Budgetary Comparison Schedule — General Fund

For the Year Ended June 30, 2017

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 28,010,386	28,010,386	30,566,036	2,555,650
Intergovernmental	20,000	20,000	67,757	47,757
Licenses and permits	1,155,000	1,155,000	1,349,341	194,341
Fines and forfeitures	175,000	175,000	213,764	38,764
Charges for services	4,177,310	4,177,310	4,693,930	516,620
Special assessments	-	-	88,095	88,095
Use of money and property	157,500	157,500	277,355	119,855
Contributions from other governments	439,791	439,791	492,643	52,852
Other revenue	197,500	197,500	79,588	(117,912)
<b>Total Revenues</b>	<b>34,332,487</b>	<b>34,332,487</b>	<b>37,828,509</b>	<b>3,496,022</b>
<b>Expenditures</b>				
Current:				
General government	7,566,043	9,655,081	9,577,907	77,174
Community development	2,343,346	2,505,070	2,799,125	(294,055)
Culture and recreation	269,200	383,400	432,380	(48,980)
Public safety	22,590,516	23,158,335	23,041,043	117,292
Public works	1,212,532	909,115	698,728	210,387
Capital outlay	-	-	28,904	(28,904)
Debt service:				
Principal	245,319	245,319	245,318	1
Interest	32,420	32,420	32,420	-
<b>Total Expenditures</b>	<b>34,259,376</b>	<b>36,888,740</b>	<b>36,855,825</b>	<b>32,915</b>
Excess of revenues over expenditures	73,111	(2,556,253)	972,684	3,528,937
<b>Other Financing Sources (Uses)</b>				
Transfers in	86,300	147,300	-	(147,300)
Transfers out	(139,135)	(139,135)	(135,362)	3,773
Proceeds from sale of capital assets	-	-	1,075,348	1,075,348
<b>Total Other Financing Sources (Uses)</b>	<b>(52,835)</b>	<b>8,165</b>	<b>939,986</b>	<b>931,821</b>
Net change in fund balance	20,276	(2,548,088)	1,912,670	4,460,758
Fund balance — July 1 (budgetary)	19,197,719	19,197,719	19,197,719	-
<b>Fund balance — June 30 (budgetary)</b>	<b>19,217,995</b>	<b>16,649,631</b>	<b>21,110,389</b>	<b>4,460,758</b>
<b>Adjustments to Conform to GAAP:</b>				
GASB Statement No. 54 reporting adjustments:				
Special Deposits fund balance			160,263	
Big League Dreams fund balance			3,730,562	
<b>Fund balance — June 30 (GAAP)</b>			<b>25,001,214</b>	

See note to required supplementary information.



## Required Supplementary Information Budgetary Comparison Schedule — Major Special Revenue Funds

For the Year Ended June 30, 2017

	Developer Fees			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Development fees	\$ 90,733	351,155	130,390	(220,765)
Use of money and property	300	300	558	258
Other revenue	-	-	3	3
<b>Total Revenues</b>	<b>91,033</b>	<b>351,455</b>	<b>130,951</b>	<b>(220,504)</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Culture and recreation	3,700	264,122	94,168	169,954
Capital outlay	70,533	70,533	15,420	55,113
<b>Total Expenditures</b>	<b>74,233</b>	<b>334,655</b>	<b>109,588</b>	<b>225,067</b>
Excess of revenues over expenditures	16,800	16,800	21,363	4,563
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	16,800	16,800	21,363	4,563
Fund balance — July 1 (budgetary)	72,433	72,433	72,433	-
<b>Fund balance — June 30 (budgetary)</b>	<b>89,233</b>	<b>89,233</b>	<b>93,796</b>	<b>4,563</b>

See note to required supplementary information.

Successor Housing Agency				
Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
-	-	-	-	<b>Revenues</b>
16,100	16,100	20,425	4,325	Development fees
97,000	97,000	181,460	84,460	Use of money and property
<b>113,100</b>	<b>113,100</b>	<b>201,885</b>	<b>88,785</b>	Other revenue
				<b>Total Revenues</b>
				<b>Expenditures</b>
113,251	113,251	140,800	(27,549)	Current:
-	-	-	-	Community development
-	-	-	-	Culture and recreation
<b>113,251</b>	<b>113,251</b>	<b>140,800</b>	<b>(27,549)</b>	Capital outlay
				<b>Total Expenditures</b>
(151)	(151)	61,085	61,236	Excess of revenues over expenditures
-	-	372,711	372,711	<b>Other Financing Sources</b>
-	-	372,711	372,711	Proceeds from sale of capital assets
				<b>Total Other Financing Sources</b>
(151)	(151)	433,796	433,947	Net change in fund balance
16,759,546	16,759,546	16,759,546	-	Fund balance — July 1 (budgetary)
<b>16,759,395</b>	<b>16,759,395</b>	<b>17,193,342</b>	<b>433,947</b>	<b>Fund balance — June 30 (budgetary)</b>

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULES

### NOTE A – BUDGETARY INFORMATION

- 1. Budgetary Data.** The City adopted a biennial budget for fiscal years 2015/16 and 2016/17 in May 2015. The budget was prepared on the modified accrual basis of accounting for the General Fund and special revenue funds. Budgetary data for the debt service and capital projects funds are not presented herein, as the budgets for these funds are long-term in nature.

The City Manager and Administrative Services Director prepare and submit the biennial budget to City Council for adoption prior to June 30 in odd numbered years and administer it after adoption. The annual appropriation limit is approved by City Council prior to the beginning of the annual budget period. All appropriations lapse at year-end.

The legal level for which expenditures are not to exceed appropriations is the fund level for all funds. The General Fund monitors appropriations at the department level. The Administrative Services Director is authorized to adjust General Fund appropriations between departments or activities, provided that the total appropriations for all departments do not exceed the amounts approved in the adopted budget and any subsequent amending resolutions. Such adjustments will be made only upon written request to the City Manager and/or Administrative Services Director on forms prescribed and approved by the Administrative Services Director. Once the written request is properly executed and approved, the funds will be made available. Transfers of cash or unappropriated fund balance from one fund to another can be made with the approval of the Administrative Services Director. Unexpended appropriations for authorized, but uncompleted, projects in the capital improvements budget can be carried forward to the next succeeding budget upon approval of the City Manager or the Administrative Services Director.

For reporting purposes, the General Fund includes the following funds: the General Fund (Fund 100), Big League Dreams (Fund 431) and Special Deposits (Fund 711). The Big League Dreams fund accounts for the loan made by the City to a developer for constructing a sports complex (Big League Dreams). The Special Deposits fund accounts for deposits held by the City for others, such as developer security deposits, particulate matter (PM-10) deposits and business owner deposits. The latter two funds do not meet the fund type definitions included in GASB Statement No. 54 and are reported as part of the General Fund for GAAP reporting.

- 2. Annual Appropriations Limit.** Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. For the fiscal year ended June 30, 2017, proceeds of taxes did not exceed appropriations.

### NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Budget basis expenditures (including transfers out) exceeded appropriations for the fund identified in the table below.

Fund	Fund Type	Appropriation	Expenditures and Transfers Out	Excess Over Appropriation
Successor to Housing Agency	Major – Special Revenue	\$ 113,251	\$ 140,800	\$ 27,549

The excess expenditures were the result of increased legal and professional services related to land disposals not originally planned.

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## Required Supplementary Information — Schedule of the City's Proportionate Share of the Net Pension Liability

### Last Ten Fiscal Years

Safety	Fiscal Year				
	2008	2009	2010	2011	2012
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

Miscellaneous	Fiscal Year				
	2008	2009	2010	2011	2012
Proportion of the net pension liability	NA	NA	NA	NA	NA
Proportionate share of the net pension liability	NA	NA	NA	NA	NA
Covered - employee payroll	NA	NA	NA	NA	NA
Proportionate share of the net pension liability as a percentage of covered-employee payroll	NA	NA	NA	NA	NA
Plan fiduciary net position as a percentage of the total pension liability	NA	NA	NA	NA	NA

#### Notes to Schedule:

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**Note 2:** Amounts reported are for the measurement date, which is one year prior to the reporting date. For example Fiscal Year 2015 data is for the measurement date of June 30, 2014.

**Source:** 2016 - GASB 68 Accounting Valuation Report - Safety Police Plan (CalPERS); GASB 68 Accounting Valuation Report - PEPRA Safety Police Plan (CalPERS); GASB 68 Accounting Valuation Report - Safety Fire Plan (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous First Tier Plan (CalPERS); 2017 - GASB 68 Accounting Valuation Report - Safety Risk Pool (CalPERS); GASB 68 Accounting Valuation Report - Miscellaneous Risk Pool (CalPERS)

Fiscal Year					
2013	2014	2015	2016	2017	
NA	NA	0.254740%	0.370020%	0.400772%	Proportion of the net pension liability
NA	NA	15,850,966	15,246,470	20,756,881	Proportionate share of the net pension liability
NA	NA	8,550,024	8,455,958	9,570,575	Covered - employee payroll
NA	NA	185.39%	180.30%	216.88%	Proportionate share of the net pension liability as a percentage of covered-employee payroll
NA	NA	82.30%	77.27%	78.69%	Plan fiduciary net position as a percentage of the total pension liability

Fiscal Year					
2013	2014	2015	2016	2017	
NA	NA	0.18658%	0.270385%	0.288874%	Proportion of the net pension liability
NA	NA	11,610,177	7,417,913	10,035,138	Proportionate share of the net pension liability
NA	NA	5,154,876	5,827,132	6,598,156	Covered - employee payroll
NA	NA	225.23%	127.30%	152.09%	Proportionate share of the net pension liability as a percentage of covered-employee payroll
NA	NA	74.04%	79.89%	78.93%	Plan fiduciary net position as a percentage of the total pension liability



## Required Supplementary Information — Schedule of Contributions

### Last Ten Fiscal Years

Safety	Fiscal Year				
	2008	2009	2010	2011	2012
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered-employee payroll	NA	NA	NA	NA	NA

Miscellaneous	Fiscal Year				
	2008	2009	2010	2011	2012
Contractually required contributions (actuarially determined)					
Contributions in relation to the actuarially determined contributions					
Contribution deficiency (excess)	-	-	-	-	-
Covered - employee payroll	NA	NA	NA	NA	NA
Contributions as a percentage of covered-employee payroll	NA	NA	NA	NA	NA

#### Notes to Schedule:

**Note 1:** Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**Note 2:** *Change of assumption:* Discount rate was increased to 7.65% in FY 2016 (measurement date 6/30/2015) from 7.50% in FY 2015 (measurement date 6/30/2014).

**Source:** City of Cathedral City financial records

Fiscal Year					
2013	2014	2015	2016	2017	
		1,815,106	1,513,632	1,639,843	Contractually required contributions (actuarially determined)
		(1,815,106)	(1,513,632)	(1,639,843)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
NA	NA	8,455,958	9,570,575	9,840,773	Covered - employee payroll
NA	NA	21.47%	15.82%	16.66%	Contributions as a percentage of covered-employee payroll

Fiscal Year					
2013	2014	2015	2016	2017	
		742,834	524,469	599,748	Contractually required contributions (actuarially determined)
		(742,834)	(524,469)	(599,748)	Contributions in relation to the actuarially determined contributions
-	-	-	-	-	Contribution deficiency (excess)
NA	NA	5,827,132	6,598,156	7,365,413	Covered - employee payroll
NA	NA	12.75%	7.95%	8.14%	Contributions as a percentage of covered-employee payroll

## Required Supplementary Information — OPEB Schedule of Funding Progress

June 30, 2017

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Payroll
January 1, 2011	\$ 43,186,000	\$ -	\$ 43,186,000	0.0%	\$ 17,108,000	252.4%
January 1, 2013	42,929,000	-	42,929,000	0.0%	13,305,000	322.7%
January 1, 2015	60,680,000	-	60,680,000	0.0%	14,053,000	431.8%

## GOVERNMENTAL FUNDS







## Combining Schedule of Accounts — General Fund

June 30, 2017

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
<b>Assets</b>				
Cash and investments	\$ 19,266,565	732,383	712,575	20,711,523
Interest receivable	51,544	54,178	1,920	107,642
Accounts receivable	4,069,187	-	-	4,069,187
Loans receivable	4,543	2,944,001	-	2,948,544
Interfund receivable	26,123	-	-	26,123
Prepaid assets	10,267	-	-	10,267
<b>Total Assets</b>	<b>\$ 23,428,229</b>	<b>3,730,562</b>	<b>714,495</b>	<b>27,873,286</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,726,856	-	5,329	1,732,185
Deposits from others	5,629	-	548,903	554,532
Unearned revenue	318,810	-	-	318,810
<b>Total Liabilities</b>	<b>2,051,295</b>	<b>-</b>	<b>554,232</b>	<b>2,605,527</b>
Deferred Inflows of Resources:				
Unavailable revenue	266,545	-	-	266,545
<b>Total Deferred Inflows of Resources</b>	<b>266,545</b>	<b>-</b>	<b>-</b>	<b>266,545</b>
Fund Balances:				
Nonspendable	10,267	-	-	10,267
Restricted	50,000	2,944,001	-	2,994,001
Assigned	3,554,008	786,561	-	4,340,569
Unassigned	17,496,114	-	160,263	17,656,377
<b>Total Fund Balances</b>	<b>21,110,389</b>	<b>3,730,562</b>	<b>160,263</b>	<b>25,001,214</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 23,428,229</b>	<b>3,730,562</b>	<b>714,495</b>	<b>27,873,286</b>



## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances — General Fund

For the Year Ended June 30, 2017

	General Fund - As Reported			
	General Fund (Fund 100)	Big League Dreams (Fund 431)	Special Deposits (Fund 711)	Total
<b>Revenues</b>				
Taxes	\$ 30,566,036	-	-	30,566,036
Intergovernmental	67,757	-	-	67,757
Licenses and permits	1,349,341	-	-	1,349,341
Fines and forfeitures	213,764	-	-	213,764
Charges for services	4,693,930	-	-	4,693,930
Special assessments	88,095	-	-	88,095
Use of money and property	277,355	217,772	4,412	499,539
Contributions from other governments	492,643	-	-	492,643
Other revenue	79,588	-	-	79,588
<b>Total Revenues</b>	<b>37,828,509</b>	<b>217,772</b>	<b>4,412</b>	<b>38,050,693</b>
<b>Expenditures</b>				
Current:				
General government	9,577,907	-	-	9,577,907
Community development	2,799,125	-	-	2,799,125
Culture and recreation	432,380	2,060	-	434,440
Public safety	23,041,043	-	-	23,041,043
Public works	698,728	-	-	698,728
Capital outlay	28,904	-	-	28,904
Debt service:				
Principal	245,318	-	-	245,318
Interest	32,420	-	-	32,420
<b>Total Expenditures</b>	<b>36,855,825</b>	<b>2,060</b>	<b>-</b>	<b>36,857,885</b>
Excess of revenues over expenditures	972,684	215,712	4,412	1,192,808
<b>Other Financing Sources (Uses)</b>				
Transfers out	(135,362)	(372,197)	-	(507,559)
Proceeds from sale of capital assets	1,075,348	-	-	1,075,348
<b>Total Other Financing Sources (Uses)</b>	<b>939,986</b>	<b>(372,197)</b>	<b>-</b>	<b>567,789</b>
Net change in fund balances	1,912,670	(156,485)	4,412	1,760,597
Fund balances — July 1	19,197,719	3,887,047	155,851	23,240,617
<b>Fund Balances — June 30</b>	<b>\$ 21,110,389</b>	<b>3,730,562</b>	<b>160,263</b>	<b>25,001,214</b>

## Schedule of Expenditures Compared with Authorizations — General Fund

For the Year Ended June 30, 2017

	General Fund (Fund 100)			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Administration</b>				
City Council	\$ 169,676	184,676	188,712	(4,036)
City Clerk	261,813	339,313	343,162	(3,849)
City Attorney	128,000	437,000	269,980	167,020
City Management	1,984,724	2,253,608	2,382,785	(129,177)
Administrative Services	4,545,866	5,522,153	5,456,814	65,339
Nondepartmental	616,612	1,280,556	1,257,556	23,000
<b>Community Development</b>				
Development Services	2,343,346	2,505,070	2,799,125	(294,055)
Public Works	1,510,167	1,174,070	1,004,221	169,849
<b>Public Safety</b>				
Police	14,206,797	14,453,380	14,474,231	(20,851)
Fire	8,631,510	8,878,049	8,814,601	63,448
<b>Total</b>	<b>\$ 34,398,511</b>	<b>37,027,875</b>	<b>36,991,187</b>	<b>36,688</b>

Note 1: Amounts include expenditures and transfers out.

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

1. **Master Underground Plan.** Accounts for the cost of burying above ground utility lines. Financing is provided by developer fees.
2. **Traffic Safety.** Accounts for traffic safety signal installation, maintenance, and road repairs. Financing is provided by vehicle code fines collected by the County of Riverside.
3. **City Mitigation Fee (formerly Transfer Station Road).** Accounts for revenues collected by the County of Riverside as a City mitigation fee. Funds are to be used for road construction and maintenance of roadways to access the Edom Hill Transfer Station and various signalization requirements. Any excess funds are to be used for any streets or public services within the City.
4. **Public Education Government (PEG) Fees.** Accounts for funds received from local cable companies to be used for funding local public education and government access stations.
5. **State Gas Tax.** Accounts for street improvements and engineering costs. Financing is provided by the City's allocation of the state gasoline taxes.
6. **Air Quality Improvement.** Accounts for revenues received under AB 2766. Expenditures are restricted to being used for air pollution reduction.
7. **Measure A.** Accounts for revenues provided by the County of Riverside Measure A allocation. These funds are used for street improvements and engineering costs.
8. **Asset Forfeiture.** Accounts for expenditures incurred in narcotics interdiction efforts. Financing is provided by seized assets awarded by the court.
9. **Solid Waste.** Accounts for revenues received under AB 939. Expenditures are limited to programs that initiate recycling efforts through the City.
10. **Police Grants.** Accounts for revenues and expenditures related to state and federal grants for the City's Police Department.
11. **Community Development Block Grant.** Accounts for projects designated in the annual action plan. Financing is provided by the U.S. Department of Housing and Urban Development.
12. **Police Department Special Revenues.** Accounts for receipts collected that are restricted for expenditures related to the City's Police Department projects.
13. **Fire Department Special Revenues.** Accounts for revenues and expenditures related to state and federal grants and receipts collected that are restricted for expenditures related to the City's Fire Department projects.
14. **Landscape and Lighting District.** Accounts for special assessments levied on real property and expenditures to provide landscaping and street lighting maintenance to the zones within the district.

## DEBT SERVICE FUNDS

Debt service funds are used primarily to account for the accumulation of resources for the payment of principal and interest on long-term debt. The City has no nonmajor debt service funds.

## CAPITAL PROJECTS FUNDS

Capital projects funds account for the financial resources to be used for the acquisition, construction, or improvements of major capital facilities and infrastructure.

1. **Police and Fire Facilities.** Accounts for the purchase of police and fire land, buildings, and replacement equipment. Financing is provided by developer fees.
2. **Traffic Signalization.** Accounts for the installation of traffic signals. Financing is provided by developer fees.
3. **Assessment District 85-1.** Accounts for curbs, gutters, and sewer construction within Assessment District 85-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
4. **Assessment District 86-1.** Accounts for certain street, water, and sewer improvements within Assessment District 86-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
5. **Assessment District 86-5.** Accounts for certain street, water, and sewer improvements within Assessment District 86-5. Financing is provided from the Limited Obligation Improvement Bonds issued.
6. **Assessment District 87-2.** Accounts for certain street, water, and sewer improvements within Assessment District 87-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
7. **Assessment District 88-2.** Accounts for improvements within Assessment District 88-2. Financing is provided from the Limited Obligation Improvement Bonds issued.
8. **Assessment District 88-3.** Accounts for improvements within Assessment District 88-3. Financing is provided from the Limited Obligation Improvement Bonds issued.
9. **Assessment District 96-1.** Accounts for improvements within Assessment District 96-1. Financing is provided from the Limited Obligation Improvement Bonds issued.
10. **Assessment District 2001-01.** Accounts for improvements within Assessment District 2001-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
11. **CFD Rio Vista.** Accounts for improvements within the Rio Vista Community Facilities District. Financing is provided by contributions from property owners.
12. **Assessment District 2003-01.** Accounts for improvements within Assessment District 2003-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
13. **Assessment District 2004-01.** Accounts for improvements within Assessment District 2004-01. Financing is provided from the Limited Obligation Improvement Bonds issued.
14. **Assessment District 2004-02.** Accounts for improvements within Assessment District 2004-02. Financing is provided from the Limited Obligation Improvement Bonds issued.

## Combining Balance Sheet — Nonmajor Governmental Funds by Fund Type

June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 8,849,949	5,351,271	14,201,220
Receivables:			
Interest	23,850	6,369	30,219
Accounts	775,808	15,753	791,561
Prepaid assets	770	-	770
Restricted assets:			
Cash and investments with fiscal agent	-	979,150	979,150
<b>Total Assets</b>	<b>\$ 9,650,377</b>	<b>6,352,543</b>	<b>16,002,920</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 875,385	48,566	923,951
Interfund payable	26,123	-	26,123
<b>Total Liabilities</b>	<b>901,508</b>	<b>48,566</b>	<b>950,074</b>
Deferred Inflows of Resources:			
Unavailable revenue	163,982	-	163,982
<b>Total Deferred Inflows of Resources</b>	<b>163,982</b>	<b>-</b>	<b>163,982</b>
Fund Balances:			
Nonspendable	770	-	770
Restricted	8,663,387	6,303,977	14,967,364
Unassigned	(79,270)	-	(79,270)
<b>Total Fund Balances</b>	<b>8,584,887</b>	<b>6,303,977</b>	<b>14,888,864</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,650,377</b>	<b>6,352,543</b>	<b>16,002,920</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances — Nonmajor Governmental Funds by Fund Type

For the Year Ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 3,996,996	83,025	4,080,021
Fines and forfeitures	382,949	-	382,949
Charges for services	1,325,565	-	1,325,565
Special assessments	480,681	2,348	483,029
Development fees	15,722	24,300	40,022
Use of money and property	51,733	15,744	67,477
Other revenue	103,236	-	103,236
<b>Total Revenues</b>	<b>6,356,882</b>	<b>125,417</b>	<b>6,482,299</b>
<b>Expenditures</b>			
Current:			
General government	332,515	-	332,515
Community development	1,114,533	1,379,886	2,494,419
Public safety	964,990	-	964,990
Public works	2,797,759	-	2,797,759
Capital outlay	3,866,183	1,998,476	5,864,659
<b>Total Expenditures</b>	<b>9,075,980</b>	<b>3,378,362</b>	<b>12,454,342</b>
Excess (deficiency) of revenues over (under) expenditures	(2,719,098)	(3,252,945)	(5,972,043)
<b>Other Financing Sources (Uses)</b>			
Transfers in	135,362	-	135,362
Transfers out	(18,570)	-	(18,570)
<b>Total Other Financing Sources (Uses)</b>	<b>116,792</b>	<b>-</b>	<b>116,792</b>
Net change in fund balances	(2,602,306)	(3,252,945)	(5,855,251)
Fund balances — July 1	11,187,193	9,556,922	20,744,115
<b>Fund Balances — June 30</b>	<b>\$ 8,584,887</b>	<b>6,303,977</b>	<b>14,888,864</b>



## Combining Balance Sheet — Nonmajor Special Revenue Funds

June 30, 2017

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
<b>Assets</b>				
Cash and investments	\$ 1,737,166	1,022,294	1,819,414	109,312
Receivables:				
Interest	4,682	2,755	4,903	299
Accounts	-	27,911	51,642	29,005
Prepaid assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,741,848</b>	<b>1,052,960</b>	<b>1,875,959</b>	<b>138,616</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	30,968	5,075	20,429
Interfund payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>30,968</b>	<b>5,075</b>	<b>20,429</b>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,741,848	1,021,992	1,870,884	118,187
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>1,741,848</b>	<b>1,021,992</b>	<b>1,870,884</b>	<b>118,187</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,741,848</b>	<b>1,052,960</b>	<b>1,875,959</b>	<b>138,616</b>

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture	
1,973,000	342,821	345,155	240,383	<b>Assets</b>
				Cash and investments
5,313	924	930	648	Receivables:
186,562	17,614	211,303	-	Interest
-	-	-	-	Accounts
<b>2,164,875</b>	<b>361,359</b>	<b>557,388</b>	<b>241,031</b>	Prepaid assets
				<b>Total Assets</b>
				<b>Liabilities and Fund Balances</b>
				Liabilities:
584,234	13,210	110,892	-	Accounts payable
-	-	-	-	Interfund payable
<b>584,234</b>	<b>13,210</b>	<b>110,892</b>	<b>-</b>	<b>Total Liabilities</b>
				Deferred Inflows of Resources:
76,379	-	-	-	Unavailable revenue
<b>76,379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Deferred Inflows of Resources</b>
				Fund Balances:
-	-	-	-	Nonspendable
1,504,262	348,149	446,496	241,031	Restricted
-	-	-	-	Unassigned
<b>1,504,262</b>	<b>348,149</b>	<b>446,496</b>	<b>241,031</b>	<b>Total Fund Balances</b>
<b>2,164,875</b>	<b>361,359</b>	<b>557,388</b>	<b>241,031</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>

continued

## Combining Balance Sheet — Nonmajor Special Revenue Funds (continued)

June 30, 2017

	Solid Waste	Police Grants	Community Development Block Grant	Police Department Special Revenues
<b>Assets</b>				
Cash and investments	\$ 700,118	116,500	15,445	259,499
Receivables:				
Interest	1,887	313	42	699
Accounts	129,375	32,556	2,083	10
Prepaid assets	-	-	-	-
<b>Total Assets</b>	<b>\$ 831,380</b>	<b>149,369</b>	<b>17,570</b>	<b>260,208</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 73,396	8,832	3,762	1,517
Interfund payable	-	-	-	-
<b>Total Liabilities</b>	<b>73,396</b>	<b>8,832</b>	<b>3,762</b>	<b>1,517</b>
Deferred Inflows of Resources:				
Unavailable revenue	-	8,333	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>8,333</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	757,984	132,204	13,808	258,691
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>757,984</b>	<b>132,204</b>	<b>13,808</b>	<b>258,691</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 831,380</b>	<b>149,369</b>	<b>17,570</b>	<b>260,208</b>

Fire Department Special Revenues	Landscape and Lighting District
-	168,842
-	455
79,270	8,477
-	770
<b>79,270</b>	<b>178,544</b>
8,663	14,407
26,123	-
<b>34,786</b>	<b>14,407</b>
79,270	-
<b>79,270</b>	<b>-</b>
-	770
44,484	163,367
(79,270)	-
<b>(34,786)</b>	<b>164,137</b>
<b>79,270</b>	<b>178,544</b>

Total	
	<b>Assets</b>
8,849,949	Cash and investments
	Receivables:
23,850	Interest
775,808	Accounts
770	Prepaid assets
<b>9,650,377</b>	<b>Total Assets</b>
	<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>
	Liabilities:
875,385	Accounts payable
26,123	Interfund payable
<b>901,508</b>	<b>Total Liabilities</b>
	Deferred Inflows of Resources:
163,982	Unavailable revenue
<b>163,982</b>	<b>Total Deferred Inflows of Resources</b>
	Fund Balances:
770	Nonspendable
8,663,387	Restricted
(79,270)	Unassigned
<b>8,584,887</b>	<b>Total Fund Balances</b>
<b>9,650,377</b>	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Master Underground Plan	Traffic Safety	City Mitigation Fee	PEG Fees
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	-
Fines and forfeitures	-	382,949	-	-
Charges for services	-	-	303,400	139,138
Special assessments	-	-	-	-
Development fees	15,722	-	-	-
Use of money and property	10,814	6,234	11,519	986
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>26,536</b>	<b>389,183</b>	<b>314,919</b>	<b>140,124</b>
<b>Expenditures</b>				
Current:				
General government	-	40,799	-	-
Community development	-	-	111,610	-
Public safety	-	407,499	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	103,866
<b>Total Expenditures</b>	<b>-</b>	<b>448,298</b>	<b>111,610</b>	<b>103,866</b>
Excess (deficiency) of revenues over (under) expenditures	26,536	(59,115)	203,309	36,258
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	26,536	(59,115)	203,309	36,258
Fund balances — July 1	1,715,312	1,081,107	1,667,575	81,929
<b>Fund Balances — June 30</b>	<b>\$ 1,741,848</b>	<b>1,021,992</b>	<b>1,870,884</b>	<b>118,187</b>

State Gas Tax	Air Quality Improvement	Measure A	Asset Forfeiture	
				<b>Revenues</b>
1,146,765	42,595	1,445,719	-	Intergovernmental
-	-	-	-	Fines and forfeitures
29,647	-	29,647	-	Charges for services
-	-	-	-	Special assessments
-	-	-	-	Development fees
11,911	2,226	274	1,470	Use of money and property
520	-	520	-	Other revenue
<b>1,188,843</b>	<b>44,821</b>	<b>1,476,160</b>	<b>1,470</b>	<b>Total Revenues</b>
				<b>Expenditures</b>
				Current:
89,537	-	115,337	-	General government
-	-	189,664	-	Community development
-	-	-	6,750	Public safety
1,129,450	-	1,085,774	-	Public works
2,381,993	-	602,258	-	Capital outlay
<b>3,600,980</b>	<b>-</b>	<b>1,993,033</b>	<b>6,750</b>	<b>Total Expenditures</b>
(2,412,137)	44,821	(516,873)	(5,280)	Excess (deficiency) of revenues over (under) expenditures
				<b>Other Financing Sources (Uses)</b>
-	-	-	-	Transfers in
-	-	-	-	Transfers out
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Total Other Financing Sources (Uses)</b>
(2,412,137)	44,821	(516,873)	(5,280)	Net change in fund balances
3,916,399	303,328	963,369	246,311	Fund balances — July 1
<b>1,504,262</b>	<b>348,149</b>	<b>446,496</b>	<b>241,031</b>	<b>Fund Balances — June 30</b>

continued



## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

	Solid Waste	Police Grants	Community Development Block Grant	Police Department Special Revenues
<b>Revenues</b>				
Intergovernmental	\$ 13,659	339,140	957,488	28,160
Fines and forfeitures	-	-	-	-
Charges for services	823,733	-	-	-
Special assessments	-	-	-	-
Development fees	-	-	-	-
Use of money and property	4,097	613	269	1,223
Other revenue	-	-	1,852	53,986
<b>Total Revenues</b>	<b>841,489</b>	<b>339,753</b>	<b>959,609</b>	<b>83,369</b>
<b>Expenditures</b>				
Current:				
General government	32,882	-	-	-
Community development	622,805	-	190,454	-
Public safety	-	274,435	-	95,703
Public works	-	-	-	-
Capital outlay	-	-	778,066	-
<b>Total Expenditures</b>	<b>655,687</b>	<b>274,435</b>	<b>968,520</b>	<b>95,703</b>
Excess (deficiency) of revenues over (under) expenditures	185,802	65,318	(8,911)	(12,334)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	(18,570)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(18,570)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	185,802	46,748	(8,911)	(12,334)
Fund balances — July 1	572,182	85,456	22,719	271,025
<b>Fund Balances — June 30</b>	<b>\$ 757,984</b>	<b>132,204</b>	<b>13,808</b>	<b>258,691</b>

Fire Department Special Revenues	Landscape and Lighting District
23,470	-
-	-
-	-
-	480,681
-	-
(124)	221
46,358	-
<b>69,704</b>	<b>480,902</b>
-	53,960
-	-
180,603	-
-	582,535
-	-
<b>180,603</b>	<b>636,495</b>
(110,899)	(155,593)
-	135,362
-	-
-	<b>135,362</b>
(110,899)	(20,231)
76,113	184,368
<b>(34,786)</b>	<b>164,137</b>

Total	
	<b>Revenues</b>
3,996,996	Intergovernmental
382,949	Fines and forfeitures
1,325,565	Charges for services
480,681	Special assessments
15,722	Development fees
51,733	Use of money and property
103,236	Other revenue
<b>6,356,882</b>	<b>Total Revenues</b>
	<b>Expenditures</b>
	Current:
332,515	General government
1,114,533	Community development
964,990	Public safety
2,797,759	Public works
3,866,183	Capital outlay
<b>9,075,980</b>	<b>Total Expenditures</b>
(2,719,098)	Excess (deficiency) of revenues over (under) expenditures
	<b>Other Financing Sources (Uses)</b>
135,362	Transfers in
(18,570)	Transfers out
<b>116,792</b>	<b>Total Other Financing Sources (Uses)</b>
(2,602,306)	Net change in fund balances
11,187,193	Fund balances — July 1
<b>8,584,887</b>	<b>Fund Balances — June 30</b>

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Master Underground Plan		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Fines and forfeitures	\$ -	-	-
Development fees	16,500	15,722	(778)
Use of money and property	12,500	10,814	(1,686)
<b>Total Revenues</b>	<b>29,000</b>	<b>26,536</b>	<b>(2,464)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	29,000	26,536	(2,464)
Net change in fund balances	29,000	26,536	(2,464)
Fund balances — July 1	1,715,312	1,715,312	-
<b>Fund Balances — June 30</b>	<b>\$ 1,744,312</b>	<b>1,741,848</b>	<b>(2,464)</b>

<b>Traffic Safety</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
360,000	382,949	22,949	<b>Revenues</b>
-	-	-	Fines and forfeitures
5,600	6,234	634	Development fees
<b>365,600</b>	<b>389,183</b>	<b>23,583</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
40,000	40,799	(799)	General government
276,152	407,499	(131,347)	Public safety
<b>316,152</b>	<b>448,298</b>	<b>(132,146)</b>	<b>Total Expenditures</b>
49,448	(59,115)	(108,563)	Excess of revenues over expenditures
49,448	(59,115)	(108,563)	Net change in fund balances
1,081,107	1,081,107	-	Fund balances — July 1
<b>1,130,555</b>	<b>1,021,992</b>	<b>(108,563)</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

			City Mitigation Fee
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Charges for services	\$ 270,000	303,400	33,400
Use of money and property	5,000	11,519	6,519
<b>Total Revenues</b>	<b>275,000</b>	<b>314,919</b>	<b>39,919</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Community development	-	111,610	(111,610)
Capital outlay	1,000,000	-	1,000,000
<b>Total Expenditures</b>	<b>1,000,000</b>	<b>111,610</b>	<b>888,390</b>
Excess (deficiency) of revenues over (under) expenditures	(725,000)	203,309	928,309
Net change in fund balances	(725,000)	203,309	928,309
Fund balances — July 1	1,667,575	1,667,575	-
<b>Fund Balances — June 30</b>	<b>\$ 942,575</b>	<b>1,870,884</b>	<b>928,309</b>

PEG Fees		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	139,138	139,138
-	986	986
-	<b>140,124</b>	<b>140,124</b>
-	-	-
-	-	-
112,500	103,866	8,634
<b>112,500</b>	<b>103,866</b>	<b>8,634</b>
(112,500)	36,258	148,758
(112,500)	36,258	148,758
81,929	81,929	-
<b>(30,571)</b>	<b>118,187</b>	<b>148,758</b>

**Revenues**

Charges for services

Use of money and property

**Total Revenues****Expenditures**

Current:

General government

Community development

Capital outlay

**Total Expenditures**Excess (deficiency) of revenues  
over (under) expenditures

Net change in fund balances

Fund balances — July 1

**Fund Balances — June 30**

continued



## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

			State Gas Tax
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,121,927	1,146,765	24,838
Charges for services	5,000	29,647	24,647
Use of money and property	12,000	11,911	(89)
Other revenue	-	520	520
<b>Total Revenues</b>	<b>1,138,927</b>	<b>1,188,843</b>	<b>49,916</b>
<b>Expenditures</b>			
Current:			
General government	89,537	89,537	-
Public works	934,035	1,129,450	(195,415)
Capital outlay	2,593,906	2,381,993	211,913
<b>Total Expenditures</b>	<b>3,617,478</b>	<b>3,600,980</b>	<b>16,498</b>
Excess (deficiency) of revenues over (under) expenditures	(2,478,551)	(2,412,137)	66,414
Net change in fund balances	(2,478,551)	(2,412,137)	66,414
Fund balances (deficits) — July 1	3,916,399	3,916,399	-
<b>Fund Balances (deficits) — June 30</b>	<b>\$ 1,437,848</b>	<b>1,504,262</b>	<b>66,414</b>

Air Quality Improvement			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
50,000	42,595	(7,405)	<b>Revenues</b>
-	-	-	Intergovernmental
2,300	2,226	(74)	Charges for services
-	-	-	Use of money and property
-	-	-	Other revenue
<b>52,300</b>	<b>44,821</b>	<b>(7,479)</b>	<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	General government
50,000	-	50,000	Public works
-	-	-	Capital outlay
<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>Total Expenditures</b>
2,300	44,821	42,521	Excess (deficiency) of revenues over (under) expenditures
2,300	44,821	42,521	Net change in fund balances
303,328	303,328	-	Fund balances (deficits) — July 1
<b>305,628</b>	<b>348,149</b>	<b>42,521</b>	<b>Fund Balances (deficits) — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

	Measure A		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,288,000	1,445,719	157,719
Charges for services	5,000	29,647	24,647
Use of money and property	800	274	(526)
Other revenue	-	520	520
<b>Total Revenues</b>	<b>1,293,800</b>	<b>1,476,160</b>	<b>182,360</b>
<b>Expenditures</b>			
Current:			
General government	112,000	115,337	(3,337)
Community development	120,000	189,664	(69,664)
Public safety	-	-	-
Public works	930,364	1,085,774	(155,410)
Capital outlay	865,000	602,258	262,742
<b>Total Expenditures</b>	<b>2,027,364</b>	<b>1,993,033</b>	<b>34,331</b>
Excess (deficiency) of revenues over (under) expenditures	(733,564)	(516,873)	216,691
Net change in fund balances	(733,564)	(516,873)	216,691
Fund balances — July 1	963,369	963,369	-
<b>Fund Balances — June 30</b>	<b>\$ 229,805</b>	<b>446,496</b>	<b>216,691</b>

<b>Asset Forfeiture</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
-	-	-	<b>Revenues</b>
-	-	-	Intergovernmental
1,500	1,470	(30)	Charges for services
-	-	-	Use of money and property
-	-	-	Other revenue
<b>1,500</b>	<b>1,470</b>	<b>(30)</b>	<b>Total Revenues</b>
-	-	-	<b>Expenditures</b>
-	-	-	Current:
-	-	-	General government
4,500	6,750	(2,250)	Community development
-	-	-	Public safety
-	-	-	Public works
-	-	-	Capital outlay
<b>4,500</b>	<b>6,750</b>	<b>(2,250)</b>	<b>Total Expenditures</b>
(3,000)	(5,280)	(2,280)	Excess (deficiency) of revenues over (under) expenditures
(3,000)	(5,280)	(2,280)	Net change in fund balances
246,311	246,311	-	Fund balances — July 1
<b>243,311</b>	<b>241,031</b>	<b>(2,280)</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

			Solid Waste
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 45,000	13,659	(31,341)
Charges for services	790,000	823,733	33,733
Use of money and property	2,000	4,097	2,097
<b>Total Revenues</b>	<b>837,000</b>	<b>841,489</b>	<b>4,489</b>
<b>Expenditures</b>			
Current:			
General government	32,882	32,882	-
Community development	-	622,805	(622,805)
Public safety	632,524	-	632,524
<b>Total Expenditures</b>	<b>665,406</b>	<b>655,687</b>	<b>9,719</b>
Excess (deficiency) of revenues over (under) expenditures	171,594	185,802	14,208
<b>Other Financing (Uses)</b>			
Transfers out	-	-	-
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	171,594	185,802	14,208
Fund balances — July 1	572,182	572,182	-
<b>Fund Balances — June 30</b>	<b>\$ 743,776</b>	<b>757,984</b>	<b>14,208</b>

<b>Police Grants</b>			
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
237,657	339,140	101,483	<b>Revenues</b>
-	-	-	Intergovernmental
10	613	603	Charges for services
<b>237,667</b>	<b>339,753</b>	<b>102,086</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
			Current:
-	-	-	General government
-	-	-	Community development
329,324	274,435	54,889	Public safety
<b>329,324</b>	<b>274,435</b>	<b>54,889</b>	<b>Total Expenditures</b>
(91,657)	65,318	156,975	Excess (deficiency) of revenues over (under) expenditures
-	(18,570)	(18,570)	<b>Other Financing (Uses)</b>
-	(18,570)	(18,570)	Transfers out
			<b>Total Other Financing (Uses)</b>
(91,657)	46,748	138,405	Net change in fund balances
85,456	85,456	-	Fund balances — July 1
<b>(6,201)</b>	<b>132,204</b>	<b>138,405</b>	<b>Fund Balances — June 30</b>

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

	Community Development Block Grant		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 901,512	957,488	55,976
Use of money and property	-	269	269
Other revenue	2,000	1,852	(148)
<b>Total Revenues</b>	<b>903,512</b>	<b>959,609</b>	<b>56,097</b>
<b>Expenditures</b>			
Current:			
Community development	181,740	190,454	(8,714)
Public safety	-	-	-
Capital outlay	828,512	778,066	50,446
<b>Total Expenditures</b>	<b>1,010,252</b>	<b>968,520</b>	<b>41,732</b>
Excess (deficiency) of revenues over (under) expenditures	(106,740)	(8,911)	97,829
Net change in fund balances	(106,740)	(8,911)	97,829
Fund balances — July 1	22,719	22,719	-
<b>Fund Balances — June 30</b>	<b>\$ (84,021)</b>	<b>13,808</b>	<b>97,829</b>



<b>Police Department Special Revenues</b>		
<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
-	28,160	28,160
2,150	1,223	(927)
-	53,986	53,986
<b>2,150</b>	<b>83,369</b>	<b>81,219</b>
-	-	-
-	95,703	(95,703)
-	-	-
-	<b>95,703</b>	<b>(95,703)</b>
2,150	(12,334)	(14,484)
2,150	(12,334)	(14,484)
271,025	271,025	-
<b>273,175</b>	<b>258,691</b>	<b>(14,484)</b>

**Revenues**

Intergovernmental  
Use of money and property  
Other revenue

**Total Revenues****Expenditures**

Current:

Community development  
Public safety  
Capital outlay

**Total Expenditures**

Excess (deficiency) of revenues  
over (under) expenditures

Net change in fund balances

Fund balances — July 1

**Fund Balances — June 30**

continued

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

	Fire Department Special Revenues		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 107,210	23,470	(83,740)
Special assessments	-	-	-
Use of money and property	-	(124)	(124)
Other revenue	20,244	46,358	26,114
<b>Total Revenues</b>	<b>127,454</b>	<b>69,704</b>	<b>(57,750)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	127,454	180,603	(53,149)
Public works	-	-	-
<b>Total Expenditures</b>	<b>127,454</b>	<b>180,603</b>	<b>(53,149)</b>
Excess (deficiency) of revenues over (under) expenditures	-	(110,899)	(110,899)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	(110,899)	(110,899)
Fund balances — July 1	76,113	76,113	-
<b>Fund Balances — June 30</b>	<b>\$ 76,113</b>	<b>(34,786)</b>	<b>(110,899)</b>

Landscape and Lighting District		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
-	-	-
470,133	480,681	10,548
-	221	221
-	-	-
<b>470,133</b>	<b>480,902</b>	<b>10,769</b>
53,960	53,960	-
-	-	-
561,925	582,535	(20,610)
<b>615,885</b>	<b>636,495</b>	<b>(20,610)</b>
(145,752)	(155,593)	(9,841)
139,135	135,362	(3,773)
139,135	135,362	(3,773)
(6,617)	(20,231)	(13,614)
184,368	184,368	-
<b>177,751</b>	<b>164,137</b>	<b>(13,614)</b>

continued

**Revenues**

Intergovernmental  
 Special assessments  
 Use of money and property  
 Other revenue

**Total Revenues****Expenditures**

Current:

General government  
 Public safety  
 Public works

**Total Expenditures**

Excess (deficiency) of revenues  
 over (under) expenditures

**Other Financing Sources (Uses)**

Transfers in

**Total Other Financing Sources (Uses)**

Net change in fund balances  
 Fund balances — July 1

**Fund Balances — June 30**

## Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual – Nonmajor Special Revenue Funds (continued)

For the Year Ended June 30, 2017

			Special Deposits
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Use of money and property	\$ 4,000	4,412	412
<b>Total Revenues</b>	<b>4,000</b>	<b>4,412</b>	<b>412</b>
<b>Expenditures</b>			
Current:			
Culture and recreation	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	4,000	4,412	412
<b>Other Financing Sources (Uses)</b>			
Transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	4,000	4,412	412
Fund balances — July 1	155,851	155,851	-
<b>Fund Balances — June 30</b>	<b>\$ 159,851</b>	<b>160,263</b>	<b>412</b>

Big League Dreams			
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	
354,566	217,772	(136,794)	<b>Revenues</b>
<b>354,566</b>	<b>217,772</b>	<b>(136,794)</b>	Use of money and property
			<b>Total Revenues</b>
			<b>Expenditures</b>
6,500	2,060	4,440	Current:
<b>6,500</b>	<b>2,060</b>	<b>4,440</b>	Culture and recreation
			<b>Total Expenditures</b>
348,066	215,712	(132,354)	Excess of revenues over expenditures
(501,998)	(372,197)	(129,801)	<b>Other Financing Sources (Uses)</b>
<b>(501,998)</b>	<b>(372,197)</b>	<b>(129,801)</b>	Transfers out
			<b>Total Other Financing Sources (Uses)</b>
(153,932)	(156,485)	(262,155)	Net change in fund balances
3,887,047	3,887,047	-	Fund balances — July 1
<b>3,733,115</b>	<b>3,730,562</b>	<b>(262,155)</b>	<b>Fund Balances — June 30</b>

## Combining Balance Sheet — Nonmajor Capital Projects Funds

June 30, 2017

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Assets</b>				
Cash and investments	\$ 41,324	59,154	644,111	330,799
Receivables:				
Interest	111	160	1,735	892
Accounts	-	-	-	-
Restricted assets:				
Cash and investments held with fiscal agent	-	-	-	-
<b>Total Assets</b>	<b>\$ 41,435</b>	<b>59,314</b>	<b>645,846</b>	<b>331,691</b>
<b>Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	33,930
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,930</b>
Fund Balances:				
Restricted	41,435	59,314	645,846	297,761
<b>Total Fund Balances</b>	<b>41,435</b>	<b>59,314</b>	<b>645,846</b>	<b>297,761</b>
<b>Total Fund Balances</b>	<b>\$ 41,435</b>	<b>59,314</b>	<b>645,846</b>	<b>331,691</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
555,137	12,666	389,553	330,628	<b>Assets</b>
1,496	34	1,050	891	Cash and investments
-	-	-	15,753	Receivables:
				Interest
				Accounts
				Restricted assets:
				Cash and investments held with fiscal agent
<u>556,633</u>	<u>12,700</u>	<u>390,603</u>	<u>347,272</u>	<b>Total Assets</b>
				<b>Fund Balances</b>
				Liabilities:
			14,636	Accounts payable
			<u>14,636</u>	<b>Total Liabilities</b>
				Fund Balances:
556,633	12,700	390,603	332,636	Restricted
<u>556,633</u>	<u>12,700</u>	<u>390,603</u>	<u>332,636</u>	<b>Total Fund Balances</b>
<u>556,633</u>	<u>12,700</u>	<u>390,603</u>	<u>347,272</u>	<b>Total Fund Balances</b>

continued



**Combining Balance Sheet — Nonmajor Capital Projects Funds (continued)**

June 30, 2017

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Assets</b>				
Cash and investments	\$ 1,113,453	123,120	120,196	361,581
Receivables:				
Interest	-	-	-	-
Accounts	-	-	-	-
Restricted assets:				
Cash and investments held with fiscal agent	-	100,071	126,969	752,110
<b>Total Assets</b>	<b>\$ 1,113,453</b>	<b>223,191</b>	<b>247,165</b>	<b>1,113,691</b>
<b>Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Restricted	1,113,453	223,191	247,165	1,113,691
<b>Total Fund Balances</b>	<b>1,113,453</b>	<b>223,191</b>	<b>247,165</b>	<b>1,113,691</b>
<b>Total Fund Balances</b>	<b>\$ 1,113,453</b>	<b>223,191</b>	<b>247,165</b>	<b>1,113,691</b>

Assessment District 2004-01	Assessment District 2004-02
207,753	1,061,796
-	-
-	-
-	-
<b>207,753</b>	<b>1,061,796</b>
-	-
-	-
207,753	1,061,796
<b>207,753</b>	<b>1,061,796</b>
<b>207,753</b>	<b>1,061,796</b>

Total	
	<b>Assets</b>
5,351,271	Cash and investments
	Receivables:
6,369	Interest
15,753	Accounts
	Restricted assets:
979,150	Cash and investments held with fiscal agent
<b>6,352,543</b>	<b>Total Assets</b>
	<b>Fund Balances</b>
	Liabilities:
48,566	Accounts payable
<b>48,566</b>	<b>Total Liabilities</b>
	Fund Balances:
6,303,977	Restricted
<b>6,303,977</b>	<b>Total Fund Balances</b>
<b>6,352,543</b>	<b>Total Fund Balances</b>

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds

For the Year Ended June 30, 2017

	Police and Fire Facilities	Traffic Signalization	Assessment District 85-1	Assessment District 86-1
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	-
Special assessments	-	-	-	-
Development fees	16,200	8,100	-	-
Use of money and property	274	376	4,004	2,386
<b>Total Revenues</b>	<b>16,474</b>	<b>8,476</b>	<b>4,004</b>	<b>2,386</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Capital outlay	-	-	-	242,987
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>242,987</b>
Excess of revenues over expenditures	16,474	8,476	4,004	(240,601)
Net change in fund balances	16,474	8,476	4,004	(240,601)
Fund balances — July 1	24,961	50,838	641,842	538,362
<b>Fund Balances — June 30</b>	<b>\$ 41,435</b>	<b>59,314</b>	<b>645,846</b>	<b>297,761</b>

Assessment District 86-5	Assessment District 87-2	Assessment District 88-2	Assessment District 88-3	
-	-	-	83,025	<b>Revenues</b>
945	-	-	1,403	Intergovernmental
-	-	-	-	Special assessments
3,456	79	2,448	1,686	Development fees
<b>4,401</b>	<b>79</b>	<b>2,448</b>	<b>86,114</b>	Use of money and property
				<b>Total Revenues</b>
				<b>Expenditures</b>
-	-	-	10,774	Current:
-	-	-	927,636	Community development
-	-	-	<b>938,410</b>	Capital outlay
				<b>Total Expenditures</b>
4,401	79	2,448	(852,296)	Excess of revenues over expenditures
4,401	79	2,448	(852,296)	Net change in fund balances
552,232	12,621	388,155	1,184,932	Fund balances — July 1
<b>556,633</b>	<b>12,700</b>	<b>390,603</b>	<b>332,636</b>	<b>Fund Balances — June 30</b>

continued

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds (continued)

For the Year Ended June 30, 2017

	Assessment District 96-1	Assessment District 2001-01	CFD Rio Vista	Assessment District 2003-01
<b>Revenues</b>				
Intergovernmental	\$ -	-	-	-
Special assessments	-	-	-	-
Development fees	-	-	-	-
Use of money and property	-	185	850	-
<b>Total Revenues</b>	<b>-</b>	<b>185</b>	<b>850</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Community development	-	-	-	-
Capital outlay	494,453	-	-	-
<b>Total Expenditures</b>	<b>494,453</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues over expenditures	(494,453)	185	850	-
Net change in fund balances	(494,453)	185	850	-
Fund balances — July 1	1,607,906	223,006	246,315	1,113,691
<b>Fund Balances — June 30</b>	<b>\$ 1,113,453</b>	<b>223,191</b>	<b>247,165</b>	<b>1,113,691</b>

Assessment District 2004-01	Assessment District 2004-02
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	1,369,112
333,400	-
<b>333,400</b>	<b>1,369,112</b>
(333,400)	(1,369,112)
(333,400)	(1,369,112)
541,153	2,430,908
<b>207,753</b>	<b>1,061,796</b>

<b>Total</b>	
	<b>Revenues</b>
83,025	Intergovernmental
2,348	Special assessments
24,300	Development fees
15,744	Use of money and property
<b>125,417</b>	<b>Total Revenues</b>
	<b>Expenditures</b>
	Current:
1,379,886	Community development
1,998,476	Capital outlay
<b>3,378,362</b>	<b>Total Expenditures</b>
(3,252,945)	Excess of revenues over expenditures
(3,252,945)	Net change in fund balances
9,556,922	Fund balances — July 1
<b>6,303,977</b>	<b>Fund Balances — June 30</b>

## PROPRIETARY FUNDS







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## PROPRIETARY FUNDS

### INTERNAL SERVICE FUNDS

Internal service funds are used to account for activities involved in rendering services to various City departments. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

1. **Equipment Replacement.** Accounts for costs of maintaining and providing for replacement of the City's vehicles and equipment. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
2. **Insurance.** Accounts for costs related to the City's insurance coverages, including employee and retiree benefits. Premium costs, self-insured claim losses, liability claims and other administrative costs are reported in this fund. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
3. **Technology.** Accounts for reserves set aside for the future acquisition and replacement of technology software used throughout the City. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.
4. **Facilities.** Accounts for reserves set aside for the future replacement of major building components. Financing is provided by usage charges to various funds and departments and/or operating transfers from other funds of the City.

## Combining Statement of Net Position — Internal Service Funds

June 30, 2017

	Equipment Replacement	Insurance	Technology
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 3,048,158	8,993,609	847,858
Receivables:			
Interest	8,215	24,237	2,285
Accounts	6,238	94,647	-
Deposits with PERMA	-	2,085,460	-
Prepaid assets	-	1,399	-
Inventories	16,681	-	-
<b>Total Current Assets</b>	<b>3,079,292</b>	<b>11,199,352</b>	<b>850,143</b>
Noncurrent assets:			
Capital assets:			
Vehicles and equipment	8,046,413	-	-
Accumulated depreciation	(5,914,625)	-	-
Net capital assets	2,131,788	-	-
<b>Total Noncurrent Assets</b>	<b>2,131,788</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>5,211,080</b>	<b>11,199,352</b>	<b>850,143</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,952	4,700	-
Claims payable	-	1,000,000	-
Unearned revenue	-	3,416	-
<b>Total Current Liabilities</b>	<b>3,952</b>	<b>1,008,116</b>	<b>-</b>
Noncurrent liabilities:			
Claims payable	-	2,356,773	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>2,356,773</b>	<b>-</b>
<b>Total Liabilities</b>	<b>3,952</b>	<b>3,364,889</b>	<b>-</b>
<b>Net Position</b>			
Investment in capital assets	2,131,788	-	-
Unrestricted	3,075,340	7,834,463	850,143
<b>Total Net Position</b>	<b>\$ 5,207,128</b>	<b>7,834,463</b>	<b>850,143</b>

Facilities	Total	
1,371,824	14,261,449	<b>Assets</b>
3,697	38,434	Current assets:
7,708	108,593	Cash and investments
-	2,085,460	Receivables:
-	1,399	Interest
-	16,681	Accounts
<b>1,383,229</b>	<b>16,512,016</b>	Deposits with PERMA
		Prepaid assets
		Inventories
		<b>Total Current Assets</b>
		Noncurrent assets:
-	8,046,413	Capital assets:
-	(5,914,625)	Vehicles and equipment
-	2,131,788	Accumulated depreciation
-	<b>2,131,788</b>	Net capital assets
<b>1,383,229</b>	<b>18,643,804</b>	<b>Total Noncurrent Assets</b>
		<b>Total Assets</b>
		<b>Liabilities</b>
		Current liabilities:
4,400	13,052	Accounts payable
-	1,000,000	Claims payable
-	3,416	Unearned revenue
<b>4,400</b>	<b>1,016,468</b>	<b>Total Current Liabilities</b>
		Noncurrent liabilities:
-	2,356,773	Claims payable
-	<b>2,356,773</b>	<b>Total Noncurrent Liabilities</b>
<b>4,400</b>	<b>3,373,241</b>	<b>Total Liabilities</b>
		<b>Net Position</b>
-	2,131,788	Investment in capital assets
1,378,829	13,138,775	Unrestricted
<b>1,378,829</b>	<b>15,270,563</b>	<b>Total Net Position</b>

## Combining Statement of Revenues, Expenses, and Changes in Net Position — Internal Service Funds

For the Year Ended June 30, 2017

	Equipment Replacement	Insurance	Technology
<b>Operating Revenues</b>			
Charges for services	\$ 385,000	7,443,451	154,105
Other revenue	37,548	103,386	-
<b>Total Operating Revenues</b>	<b>422,548</b>	<b>7,546,837</b>	<b>154,105</b>
<b>Operating Expenses</b>			
Insurance claims and expenses	-	6,946,772	-
Repairs and maintenance	-	-	-
Minor equipment	-	-	3,851
Depreciation	443,180	-	-
<b>Total Operating Expenses</b>	<b>443,180</b>	<b>6,946,772</b>	<b>3,851</b>
Operating income (loss)	(20,632)	600,065	150,254
<b>Nonoperating Revenues</b>			
Interest and investment income	19,231	48,921	5,100
Gain on sale of capital assets	6,238	-	-
<b>Total Nonoperating Revenues</b>	<b>25,469</b>	<b>48,921</b>	<b>5,100</b>
Income before transfers	4,837	648,986	155,354
Transfers in	18,570	-	-
Change in net position	23,407	648,986	155,354
Net position — July 1	5,183,721	7,185,477	694,789
<b>Net Position — June 30</b>	<b>\$ 5,207,128</b>	<b>7,834,463</b>	<b>850,143</b>

Facilities	Total	
		<b>Operating Revenues</b>
125,000	8,107,556	Charges for services
39,628	180,562	Other revenue
<b>164,628</b>	<b>8,288,118</b>	<b>Total Operating Revenues</b>
		<b>Operating Expenses</b>
-	6,946,772	Insurance claims and expenses
46,300	46,300	Repairs and maintenance
-	3,851	Minor equipment
-	443,180	Depreciation
<b>46,300</b>	<b>7,440,103</b>	<b>Total Operating Expenses</b>
118,328	848,015	Operating income (loss)
		<b>Nonoperating Revenues</b>
8,341	81,593	Interest and investment income
-	6,238	Gain on sale of capital assets
<b>8,341</b>	<b>87,831</b>	<b>Total Nonoperating Revenues</b>
126,669	935,846	Income before transfers
-	18,570	Transfers in
126,669	954,416	Change in net position
1,252,160	14,316,147	Net position — July 1
<b>1,378,829</b>	<b>15,270,563</b>	<b>Net Position — June 30</b>



## Combining Statement of Cash Flows — Internal Service Funds

For the Year Ended June 30, 2017

	Equipment Replacement	Insurance	Technology
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and user departments	\$ 784,570	7,579,366	154,116
Payments to suppliers for goods and services	(376,702)	(7,010,042)	(3,851)
<b>Net Cash Provided by Operating Activities</b>	<b>407,868</b>	<b>569,324</b>	<b>150,265</b>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	18,570	-	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>18,570</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital asset acquisitions	(346,171)	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(346,171)</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>			
Interest received	17,001	41,684	4,221
<b>Net Cash Provided by Investing Activities</b>	<b>17,001</b>	<b>41,684</b>	<b>4,221</b>
Net increase in cash and cash equivalents	97,268	611,008	154,486
Cash and cash equivalents — July 1	2,950,890	8,382,601	693,372
<b>Cash and Cash Equivalents — June 30</b>	<b>\$ 3,048,158</b>	<b>8,993,609</b>	<b>847,858</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating income (loss)	\$ (20,632)	600,065	150,254
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	443,180	-	-
Accounts receivable	12,332	(94,551)	11
Deposits with PERMA	-	(404,262)	-
Prepaid assets	-	4,100	-
Inventories	4,481	-	-
Accounts payable	(591)	333	-
Deposits from others	(37,140)	-	-
Unearned revenue	-	(767)	-
Claims payable	-	464,406	-
Accounts receivable related to nonoperating activities	6,238	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 407,868</b>	<b>569,324</b>	<b>150,265</b>

Facilities	Total	
		<b>Cash Flows From Operating Activities</b>
163,965	8,682,017	Receipts from customers and user departments
(80,642)	(7,471,237)	Payments to suppliers for goods and services
<b>83,323</b>	<b>1,210,780</b>	<b>Net Cash Provided by Operating Activities</b>
		<b>Cash Flows From Noncapital Financing Activities</b>
-	18,570	Transfers in
<b>-</b>	<b>18,570</b>	<b>Net Cash Provided by Noncapital Financing Activities</b>
		<b>Cash Flows From Capital and Related Financing Activities</b>
-	(346,171)	Capital asset acquisitions
<b>-</b>	<b>(346,171)</b>	<b>Net Cash (Used) by Capital and Related Financing Activities</b>
		<b>Cash Flows From Investing Activities</b>
7,242	70,148	Interest received
<b>7,242</b>	<b>70,148</b>	<b>Net Cash Provided by Investing Activities</b>
90,565	953,327	Net increase in cash and cash equivalents
1,281,259	13,308,122	Cash and cash equivalents — July 1
<b>1,371,824</b>	<b>14,261,449</b>	<b>Cash and Cash Equivalents — June 30</b>
		<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>
118,328	848,015	Operating income (loss)
		Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
-	443,180	Depreciation
(4,983)	(87,191)	Accounts receivable
-	(404,262)	Deposits with PERMA
-	4,100	Prepaid assets
-	4,481	Inventories
(30,022)	(30,280)	Accounts payable
	(37,140)	Deposits from others
-	(767)	Unearned revenue
-	464,406	Claims payable
-	6,238	Accounts receivable related to nonoperating activities
<b>83,323</b>	<b>1,210,780</b>	<b>Net Cash Provided by Operating Activities</b>

## FIDUCIARY FUNDS







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## FIDUCIARY FUNDS

Fiduciary funds are trust and agency funds that account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. These include pension and other employee benefit trust funds, external investment trust funds, private-purpose trust funds, and agency funds. The City does not maintain any pension and other employee benefit trust funds or external investment trust funds.

### PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds report all other trust arrangements under which the principal and income benefits individuals, private organizations or other governments. The City's private-purpose trust funds account for the assets, liabilities, and activities of the Successor Agency to the City's former redevelopment agency.

1. **Redevelopment Obligation Retirement.** Accounts for property taxes received to pay enforceable obligations and administrative overhead costs approved on the Recognized Obligation Payment Schedule (ROPS).
2. **Successor Agency 2014 Series A/B/C TABs.** Accounts for principal and interest payments on long-term debt of the Successor Agency.
3. **Successor Agency Administration.** Accounts for administrative overhead costs subject to the percentage limitation established by AB 1X 26 in winding down the affairs of the former redevelopment agency.
4. **Successor Agency Other.** Accounts for other costs related to the payment of enforceable obligations of the former redevelopment agency.
5. **Successor Agency 2007 Series A TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series A proceeds of the former redevelopment agency.
6. **Successor Agency 2007 Series B TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series B proceeds of the former redevelopment agency.
7. **Successor Agency 2007 Series C TAB.** Accounts for ROPS-approved uses of 2007 Tax Allocation Bonds, Series C proceeds of the former redevelopment agency.

### AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, principal organizations, other governments, and/or funds.

1. **Assessment District 96-1.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Refunding Bonds (2004).
2. **Assessment District 2001-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds.
3. **Rio Vista Community Facilities District.** Accounts for special assessments receipts and principal and interest payments on the Special Tax Bonds related to the Rio Vista Community Facilities District (CFD 2000-1).
4. **Assessment District 2003-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (35<sup>th</sup> Avenue).

5. **Assessment District 2004-01.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Dream Homes).
6. **Assessment District 2004-02.** Accounts for special assessments receipts and principal and interest payments on the Limited Obligation Improvement Bonds (Cove Improvement).



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## Combining Statement of Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

June 30, 2017

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
<b>Assets</b>				
Cash and investments	\$ 11,022,582	-	3,333	680
Receivables:				
Interest	29,706	-	9	-
Prepaid assets	-	631,688	-	-
Restricted assets:				
Held with Successor Agency	-	-	-	-
Cash and investments held with fiscal agent	-	59	-	-
<b>Total Assets</b>	<b>11,052,288</b>	<b>631,747</b>	<b>3,342</b>	<b>680</b>
<b>Liabilities</b>				
Accounts payable	250	-	3,333	680
Accrued interest	-	1,340,627	-	-
Noncurrent liabilities:				
Due in one year	-	3,180,000	-	-
Due in more than one year	-	70,605,445	-	13,866,170
<b>Total Liabilities</b>	<b>250</b>	<b>75,126,072</b>	<b>3,333</b>	<b>13,866,850</b>
<b>Net Position</b>				
Held in trust for other purposes	11,052,038	(74,494,325)	9	(13,866,170)
<b>Total Net Position</b>	<b>\$ 11,052,038</b>	<b>(74,494,325)</b>	<b>9</b>	<b>(13,866,170)</b>

Successor Agency 2007 Series A TAB	Successor Agency 2007 Series B TAB	Successor Agency 2007 Series C TAB	Total	
525,659	-	\$ 649,720	12,201,974	<b>Assets</b>
2,770	-	3,078	35,563	Cash and investments
-	-	9,245	640,933	Receivables:
				Interest
587,639	-	576,253	1,163,892	Prepaid assets
-	-	-	59	Restricted assets:
1,116,068	-	1,238,296	14,042,421	Held with Successor Agency
				Cash and investments held with fiscal agent
				<b>Total Assets</b>
-	-	-	4,263	<b>Liabilities</b>
-	-	-	1,340,627	Accounts payable
-	-	-	3,180,000	Accrued interest
-	-	-	84,471,615	Noncurrent liabilities:
-	-	-	88,996,505	Due in one year
				Due in more than one year
				<b>Total Liabilities</b>
1,116,068	-	1,238,296	(74,954,084)	<b>Net Position</b>
1,116,068	-	1,238,296	(74,954,084)	Held in trust for other purposes
				<b>Total Net Position</b>

## Combining Statement of Changes in Fiduciary Net Position — Private-Purpose Trust Funds – Successor Agency Trust Funds

For the Year Ended June 30, 2017

	Redevelopment Obligation Retirement	Successor Agency 2014 Series A/B/C TABs	Successor Agency Administration	Successor Agency Other
<b>Additions</b>				
Taxes	\$ 15,016,945	-	-	-
Use of money and property	20,737	61	377	39
<b>Total Additions</b>	<b>15,037,682</b>	<b>61</b>	<b>377</b>	<b>39</b>
<b>Deductions</b>				
Administrative expenses	-	37,369	160,610	135,722
Contractual services	23,493	-	-	-
Interest expense	-	2,816,661	-	722,952
Contributions to other governments	8,068,752	-	244,852	-
<b>Total Deductions</b>	<b>8,092,245</b>	<b>2,854,030</b>	<b>405,462</b>	<b>858,674</b>
<b>Transfers In (Out)</b>				
Transfers in	332	6,364,735	405,462	137,642
Transfers out	(6,907,747)	-	(390)	(34)
<b>Total Transfers In (Out)</b>	<b>(6,907,415)</b>	<b>6,364,735</b>	<b>405,072</b>	<b>137,608</b>
Change in net position	38,022	3,510,766	(13)	(721,027)
Net position — July 1	11,014,016	(78,005,091)	22	(13,145,143)
<b>Net Position — June 30</b>	<b>\$ 11,052,038</b>	<b>(74,494,325)</b>	<b>9</b>	<b>(13,866,170)</b>

Successor Agency 2007 Series A TAB	Successor Agency 2007 Series B TAB	Successor Agency 2007 Series C TAB	Total	
-	-	-	15,016,945	<b>Additions</b>
5,565	(337)	7,610	34,052	Taxes
<b>5,565</b>	<b>(337)</b>	<b>7,610</b>	<b>15,050,997</b>	Use of money and property
				<b>Total Additions</b>
-	-	-	333,701	<b>Deductions</b>
77,205	10,415,611	163,846	10,680,155	Administrative expenses
-	-	-	3,539,613	Contractual services
408,217	-	-	8,721,821	Interest expense
<b>485,422</b>	<b>10,415,611</b>	<b>163,846</b>	<b>23,275,290</b>	Contributions to other governments
				<b>Total Deductions</b>
840	-	-	6,909,011	<b>Transfers In (Out)</b>
-	(840)	-	(6,909,011)	Transfers in
<b>840</b>	<b>(840)</b>	<b>-</b>	<b>-</b>	Transfers out
				<b>Total Transfers In (Out)</b>
(479,017)	(10,416,788)	(156,236)	(8,224,293)	Change in net position
1,595,085	10,416,788	1,394,532	(66,729,791)	Net position — July 1
<b>1,116,068</b>	<b>-</b>	<b>1,238,296</b>	<b>(74,954,084)</b>	<b>Net Position — June 30</b>

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## Combining Statement of Changes in Assets and Liabilities — Agency Funds

For the Year Ended June 30, 2017

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 96-1</b>				
<b>Assets</b>				
Cash and investments	\$ 763,730	444,287	424,059	783,958
Receivables:				
Interest	4,812	13,587	13,286	5,113
Special assessments	11,054	5,975	11,054	5,975
Restricted cash and investments:				
Held with fiscal agent	-	378,889	378,889	-
<b>Total Assets</b>	<b>\$ 779,596</b>	<b>842,738</b>	<b>827,288</b>	<b>795,046</b>
<b>Liabilities</b>				
Accounts payable	\$ -	393,138	393,138	-
Due to bondholders	779,596	730,490	715,040	795,046
<b>Total Liabilities</b>	<b>\$ 779,596</b>	<b>1,123,628</b>	<b>1,108,178</b>	<b>795,046</b>
<b>Assessment District 2001-01</b>				
<b>Assets</b>				
Cash and investments	\$ 321,860	264,179	264,521	321,518
Receivables:				
Interest	902	2,788	2,492	1,198
Special assessments	2,922	11,766	2,922	11,766
Restricted cash and investments:				
Held with fiscal agent	15	252,762	252,766	11
<b>Total Assets</b>	<b>\$ 325,699</b>	<b>531,495</b>	<b>522,701</b>	<b>334,493</b>
<b>Liabilities</b>				
Accounts payable	\$ -	257,056	257,056	-
Due to bondholders	325,699	464,431	455,637	334,493
<b>Total Liabilities</b>	<b>\$ 325,699</b>	<b>721,487</b>	<b>712,693</b>	<b>334,493</b>
<b>Rio Vista Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$ 205,772	233,045	246,455	192,362
Receivables:				
Interest	661	2,006	1,825	842
Special assessments	186,439	188,094	6,618	367,915
Restricted cash and investments:				
Held with fiscal agent	1,468,465	203,372	1,016,829	655,008
<b>Total Assets</b>	<b>\$ 1,861,337</b>	<b>626,517</b>	<b>1,271,727</b>	<b>1,216,127</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,361	236,895	238,207	49
Due to bondholders	1,859,976	419,201	1,063,099	1,216,078
<b>Total Liabilities</b>	<b>\$ 1,861,337</b>	<b>656,096</b>	<b>1,301,306</b>	<b>1,216,127</b>

continued



## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2017

	Balance July 1	Additions	Deductions	Balance June 30
<b>Assessment District 2003-01</b>				
<b>Assets</b>				
Cash and investments	\$ 589,940	473,343	485,056	578,227
Receivables:				
Interest	1,930	5,931	5,328	2,533
Special assessments	39,755	19,178	39,755	19,178
Restricted cash and investments:				
Held with fiscal agent	-	468,188	468,188	-
<b>Total Assets</b>	<b>\$ 631,625</b>	<b>966,640</b>	<b>998,327</b>	<b>599,938</b>
<b>Liabilities</b>				
Accounts payable	\$ -	474,152	474,152	-
Due to bondholders	631,625	785,263	816,950	599,938
<b>Total Liabilities</b>	<b>\$ 631,625</b>	<b>1,259,415</b>	<b>1,291,102</b>	<b>599,938</b>
<b>Assessment District 2004-01</b>				
<b>Assets</b>				
Cash and investments	\$ 573,331	426,523	434,251	565,603
Receivables:				
Interest	2,261	6,064	6,241	2,084
Special assessments	31,268	46,882	31,269	46,881
Restricted cash and investments:				
Held with fiscal agent	-	410,918	410,918	-
<b>Total Assets</b>	<b>\$ 606,860</b>	<b>890,387</b>	<b>882,679</b>	<b>614,568</b>
<b>Liabilities</b>				
Accounts payable	\$ -	419,819	419,819	-
Due to bondholders	606,860	724,693	716,985	614,568
<b>Total Liabilities</b>	<b>\$ 606,860</b>	<b>1,144,512</b>	<b>1,136,804</b>	<b>614,568</b>
<b>Assessment District 2004-02</b>				
<b>Assets</b>				
Cash and investments	\$ 1,950,424	3,663,193	2,193,483	3,420,134
Receivables:				
Interest	8,886	27,725	24,532	12,079
Special assessments	82,188	90,587	82,188	90,587
Restricted cash and investments:				
Held with fiscal agent	-	2,131,706	2,131,706	-
<b>Total Assets</b>	<b>\$ 2,041,498</b>	<b>5,913,211</b>	<b>4,431,909</b>	<b>3,522,800</b>
<b>Liabilities</b>				
Accounts payable	\$ -	2,149,283	2,149,283	-
Due to bondholders	2,041,498	5,150,876	3,669,574	3,522,800
<b>Total Liabilities</b>	<b>\$ 2,041,498</b>	<b>7,300,159</b>	<b>5,818,857</b>	<b>3,522,800</b>

continued

## Combining Statement of Changes in Assets and Liabilities — Agency Funds (continued)

For the Year Ended June 30, 2017

	Balance July 1	Additions	Deductions	Balance June 30
<b>Total — All Agency Funds</b>				
<b>Assets</b>				
Cash and investments	\$ 4,405,057	5,504,570	4,047,825	5,861,802
Receivables:				
Interest	19,452	58,101	53,704	23,849
Special assessments	353,626	362,482	173,806	542,302
Restricted cash and investments:				
Held with fiscal agent	1,468,480	3,845,835	4,659,296	655,019
<b>Total Assets</b>	<b>\$ 6,246,615</b>	<b>9,770,988</b>	<b>8,934,631</b>	<b>7,082,972</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,361	3,930,343	3,931,655	49
Due to bondholders	6,245,254	8,274,954	7,437,285	7,082,923
<b>Total Liabilities</b>	<b>\$ 6,246,615</b>	<b>12,205,297</b>	<b>11,368,940</b>	<b>7,082,972</b>

STATISTICAL







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## CONTENTS

This part of the City of Cathedral City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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### 158 FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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### 170 REVENUE CAPACITY

These schedules contain information to help the reader assess the City's most significant local revenue source — sales tax.

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### 182 DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

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### 192 DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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### 198 OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

## Net Position by Component

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 41,220	24,533	38,381	25,065	97,876
Restricted	153,335	145,226	118,320	128,802	65,952
Unrestricted	(44,705)	(35,330)	(40,627)	(51,202)	(158,167)
<b>Total governmental activities net position</b>	<b>\$ 149,850</b>	<b>134,429</b>	<b>116,074</b>	<b>102,665</b>	<b>5,661</b>
<b>Business-type activities (Note 8):</b>					
Net investment in capital assets	\$ 40	21	20	-	-
Unrestricted	18	16	225	-	-
<b>Total business-type activities net position</b>	<b>\$ 58</b>	<b>37</b>	<b>245</b>	<b>-</b>	<b>-</b>
<b>Primary government:</b>					
Net investment in capital assets	\$ 41,260	24,554	38,401	25,065	97,876
Restricted	153,335	145,226	118,320	128,802	65,952
Unrestricted	(44,687)	(35,314)	(40,402)	(51,202)	(158,167)
<b>Total primary government net position</b>	<b>\$ 149,908</b>	<b>134,466</b>	<b>116,319</b>	<b>102,665</b>	<b>5,661</b>
	Note 1	Note 2	Note 3	Note 4	Note 5

### Notes to Schedule:

**Note 1:** Restated balances - includes prior period adjustment of (\$29,710).

**Note 2:** Restated balances - includes prior period adjustment of \$300.

**Note 3:** Restated balances - includes prior period adjustment of (\$163).

**Note 4:** Restated balances - includes prior period adjustment of (\$298).

**Note 5:** Restated balances - includes prior period adjustment of (\$4,986).

**Note 6:** Restated balances - includes prior period adjustment of (\$14).

**Note 7:** Restated balances - includes prior period adjustment of (\$682).

**Note 8:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit. Amounts for the fiscal year ended June 30, 2011 were restated to reflect this change.

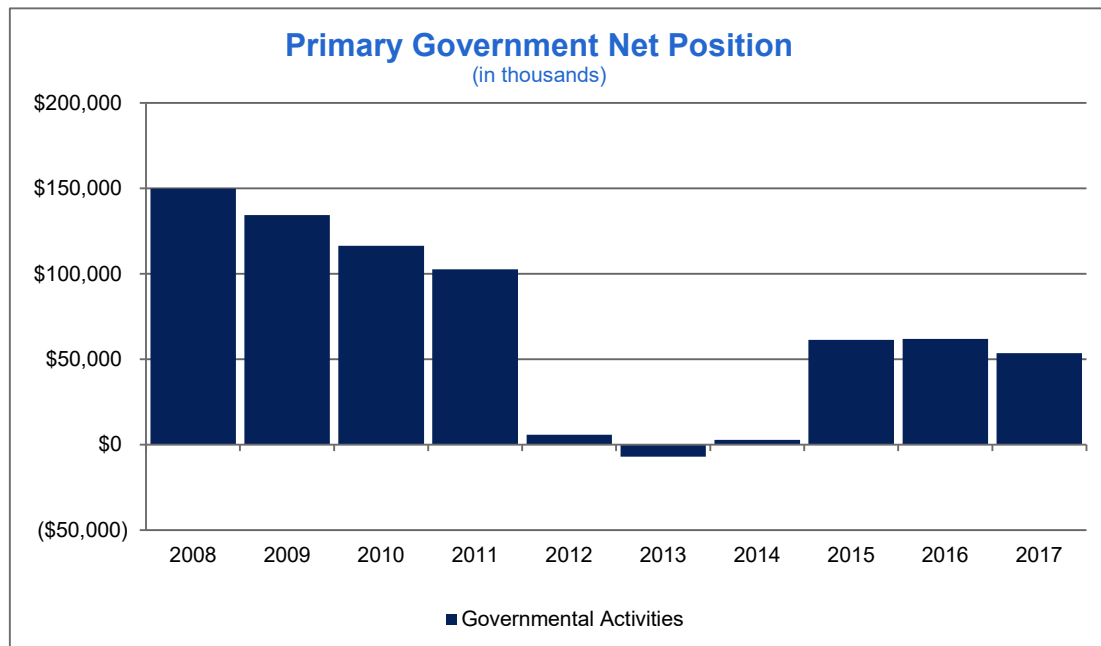
**Source:** City of Cathedral City, Government-Wide Financial Statements



Fiscal Year					
2013	2014	2015	2016	2017	
95,005	95,321	150,220	153,866	148,362	<b>Governmental activities:</b>
51,116	58,199	58,485	92,298	86,986	Net investment in capital assets
(153,315)	(150,840)	(147,400)	(184,264)	(181,885)	Restricted
<b>(7,194)</b>	<b>2,680</b>	<b>61,305</b>	<b>61,900</b>	<b>53,463</b>	Unrestricted
					<b>Total governmental activities net position</b>
-	-	-	-	-	<b>Business-type activities (Note 8):</b>
-	-	-	-	-	Net investment in capital assets
-	-	-	-	-	Unrestricted
					<b>Total business-type activities net position</b>
95,005	95,321	150,220	153,866	148,362	<b>Primary government:</b>
51,116	58,199	58,485	92,298	86,986	Net investment in capital assets
(153,315)	(150,840)	(147,400)	(184,264)	(181,885)	Restricted
<b>(7,194)</b>	<b>2,680</b>	<b>61,305</b>	<b>61,900</b>	<b>53,463</b>	Unrestricted
					<b>Total primary government net position</b>

Note 6

Note 7



## Changes in Net Position

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 7,040	10,030	19,033	11,572	8,787
Community development	14,855	25,819	27,220	14,271	17,173
Culture and recreation	362	58	675	595	550
Public safety	21,556	25,160	25,879	26,980	28,343
Public works	4,874	6,608	6,645	6,609	7,691
Interest on long-term debt	13,856	12,190	12,080	11,745	11,319
<b>Total governmental activities</b>	<b>62,543</b>	<b>79,865</b>	<b>91,532</b>	<b>71,772</b>	<b>73,863</b>
<b>Business-type activities (Note 1):</b>					
Education	1,078	1,208	1,506	990	-
<b>Total business-type activities expenses</b>	<b>1,078</b>	<b>1,208</b>	<b>1,506</b>	<b>990</b>	<b>-</b>
<b>Total Primary Government Expenses</b>	<b>\$ 63,621</b>	<b>81,073</b>	<b>93,038</b>	<b>72,762</b>	<b>73,863</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	\$ 2,492	3,311	3,062	2,126	2,514
Community development	560	752	892	412	316
Culture and recreation	-	-	2	2	2
Public safety	2,591	2,622	5,472	5,515	5,852
Public works	361	310	277	735	716
Operating grants and contributions	3,881	3,421	2,744	3,393	14,833
Capital grants and contributions	3,180	2,379	15,707	3,772	7,838
<b>Total governmental activities program revenues</b>	<b>13,065</b>	<b>12,795</b>	<b>28,156</b>	<b>15,955</b>	<b>32,071</b>
<b>Business-type activities (Note 1):</b>					
Charges for services:					
Education	743	937	1,439	569	-
Operating grants and contributions	300	250	275	799	-
<b>Total business-type activities program revenues</b>	<b>1,043</b>	<b>1,187</b>	<b>1,714</b>	<b>1,368</b>	<b>-</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 14,108</b>	<b>13,982</b>	<b>29,870</b>	<b>17,323</b>	<b>32,071</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (49,478)	(67,070)	(63,376)	(55,817)	(41,792)
Business-type activities	(35)	(21)	208	378	-
<b>Total Primary Government Net Expense</b>	<b>\$ (49,513)</b>	<b>(67,091)</b>	<b>(63,168)</b>	<b>(55,439)</b>	<b>(41,792)</b>

Fiscal Year				
2013	2014	2015	2016	2017
8,827	11,340	10,543	10,550	12,378
9,474	5,906	4,741	7,455	12,929
562	524	695	1,134	979
23,110	24,083	23,005	22,324	26,663
7,581	7,804	7,704	7,874	8,971
10,755	10,497	7,560	7,052	7,090
<b>60,309</b>	<b>60,154</b>	<b>54,248</b>	<b>56,389</b>	<b>69,010</b>
-	-	-	-	-
-	-	-	-	-
<b>60,309</b>	<b>60,154</b>	<b>54,248</b>	<b>56,389</b>	<b>69,010</b>
2,289	2,273	3,541	2,888	3,512
63	590	459	702	714
-	-	-	-	-
6,781	8,479	3,843	3,471	3,665
726	759	761	798	843
8,110	18,598	18,051	15,066	11,636
4,329	10,052	4,767	624	2,998
<b>22,298</b>	<b>40,751</b>	<b>31,422</b>	<b>23,549</b>	<b>23,368</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>22,298</b>	<b>40,751</b>	<b>31,422</b>	<b>23,549</b>	<b>23,368</b>
(38,011)	(19,403)	(22,826)	(32,840)	(45,642)
-	-	-	-	-
<b>(38,011)</b>	<b>(19,403)</b>	<b>(22,826)</b>	<b>(32,840)</b>	<b>(45,642)</b>

**Expenses**

**Governmental activities:**

General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Interest on long-term debt

**Total governmental activities**

**Business-type activities (Note 1):**

Education

**Total business-type activities expenses**

**Total Primary Government Expenses**

**Program Revenues**

**Governmental activities:**

Charges for services:  
General government  
Community development  
Culture and recreation  
Public safety  
Public works  
Operating grants and contributions  
Capital grants and contributions

**Total governmental activities program revenues**

**Business-type activities (Note 1):**

Charges for services:  
Education  
Operating grants and contributions

**Total business-type activities program revenues**

**Total Primary Government Program Revenues**

**Net (Expense)/Revenue**

Governmental activities  
Business-type activities  
**Total Primary Government Net Expense**

continued

**Changes in Net Position (continued)**

Last Ten Fiscal Years (dollar in thousands – accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental activities:</b>					
Taxes:					
Cannibis/marijuana tax	\$ -	-	-	-	-
Franchise tax	1,975	1,995	1,855	1,851	1,866
Property tax	34,634	33,049	29,078	21,980	13,263
Sales tax (Note 2)	8,345	6,165	6,222	6,572	6,895
Transactions and use tax	-	-	-	2,941	4,337
Transient occupancy tax/timeshare developer	2,110	1,633	1,504	1,463	1,657
Utility users tax	-	635	2,861	2,766	2,753
Investment and interest income	9,720	4,934	2,888	2,157	2,394
Insurance proceeds	-	683	-	-	-
Other revenues	2,067	2,255	776	2,353	837
Extraordinary items	264	-	-	-	(84,228)
Special items	-	-	-	-	-
<b>Total governmental activities</b>	<b>59,115</b>	<b>51,349</b>	<b>45,184</b>	<b>42,083</b>	<b>(50,226)</b>
<b>Business-type activities (Note 1):</b>					
Other revenues	4	-	-	-	-
Transfers	-	-	-	34,709	-
<b>Total business-type activities</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>34,709</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 59,119</b>	<b>51,349</b>	<b>45,184</b>	<b>76,792</b>	<b>(50,226)</b>
<b>Changes in Net Position</b>					
Governmental activities	9,637	(15,721)	(18,192)	(13,734)	(92,018)
Business-type activities	(31)	(21)	208	35,087	-
<b>Total Primary Government</b>	<b>\$ 9,606</b>	<b>(15,742)</b>	<b>(17,984)</b>	<b>21,353</b>	<b>(92,018)</b>

**Notes to Schedule:**

**Note 1:** In 2008, the Cathedral City Downtown Foundation was considered a blended component unit and reported as a business-type activity. In 2012, the Cathedral City Downtown Foundation was determined to no longer meet the definition of a component unit. Amounts for the fiscal year ended June 30, 2011 were restated to reflect this change.

**Note 2:** Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax. The triple flip ended in fiscal year 2014/15, with final payments being received in fiscal year 2015/16.

**Source:** City of Cathedral City, Government-Wide Financial Statements

Fiscal Year				
2013	2014	2015	2016	2017
-	-	-	47	450
1,882	1,980	1,995	2,021	2,146
5,450	5,398	6,306	7,429	7,869
7,823	8,929	9,490	9,695	8,821
4,725	4,912	5,327	5,821	5,658
1,644	1,883	2,000	2,328	3,070
2,802	2,763	2,803	2,754	2,717
2,620	2,953	2,867	4,296	5,117
-	-	-	-	-
791	460	456	318	1,357
(2,567)	-	-	-	-
-	-	82,563	(1,274)	-
<b>25,170</b>	<b>29,278</b>	<b>113,807</b>	<b>33,435</b>	<b>37,205</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>25,170</b>	<b>29,278</b>	<b>113,807</b>	<b>33,435</b>	<b>37,205</b>
(12,841)	9,875	90,981	595	(8,437)
-	-	-	-	-
<b>(12,841)</b>	<b>9,875</b>	<b>90,981</b>	<b>595</b>	<b>(8,437)</b>

**General Revenues and Other Changes in Net Position**

**Governmental activities:**

Taxes:

Cannibis/marijuana tax  
Franchise tax  
Property tax  
Sales tax (Note 2)  
Transactions and use tax  
Transient occupancy tax/timeshare developer  
Utility users tax

Investment and interest income

Insurance proceeds

Other revenues

Extraordinary items

Special items

**Total governmental activities**

**Business-type activities (Note 1):**

Other revenues

Transfers

**Total business-type activities**

**Total Primary Government**

**Changes in Net Position**

Governmental activities

Business-type activities

**Total Primary Government**

## Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Fund (Note 2):</b>					
Reserved	\$ 4,249	4,463	4,210		
Unreserved	16,650	14,383	12,377		
Nonspendable				3,746	3,603
Restricted				50	50
Committed				-	-
Assigned				3,171	771
Unassigned				6,825	7,337
<b>Total General Fund</b>	<b>20,899</b>	<b>18,846</b>	<b>16,587</b>	<b>13,792</b>	<b>11,761</b>
	Note 5	Note 5			
<b>All other governmental funds (Notes 2, 3):</b>					
Reserved	\$ 83,077	95,782	99,386		
Unreserved:					
Special revenue funds	15,089	5,699	5,461		
Capital projects funds	126,372	96,817	64,116		
Debt service funds	-	-	-		
Nonspendable (Note 4)				72,780	25,621
Restricted (Note 4)				89,579	38,736
Committed				-	-
Assigned				-	-
Unassigned				(455)	(434)
<b>Total all other governmental funds</b>	<b>224,538</b>	<b>198,298</b>	<b>168,963</b>	<b>161,904</b>	<b>63,923</b>
				Note 5	

### Notes to Schedule:

**Note 1:** Amounts include General, Special Revenue, Debt Service and Capital Projects funds.

**Note 2:** The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) for the fiscal year ended June 30, 2011. Information prior to the implementation of GASB 54 is unavailable.

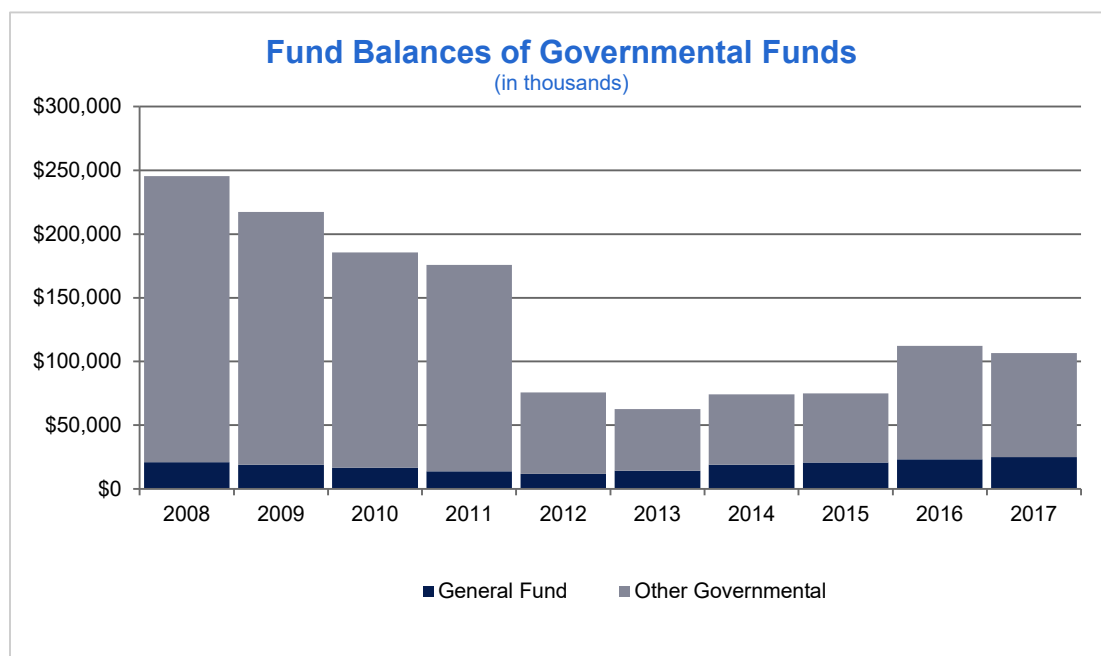
**Note 3:** Total all other governmental fund balances decreased as of June 30, 2012, as a result of the City's redevelopment agency being dissolved in accordance with AB 1X-26. The dissolution became effective February 1, 2012. All assets of the former redevelopment agency (special revenue, capital projects and debt service funds) were recorded in private-purpose trust funds for payment of outstanding obligations.

**Note 4:** The significant changes that occurred between 2013 and 2014 in the nonspendable and restricted fund balance categories were the result of classifying loans receivable and assets held for disposition as restricted in 2014. This change was based on further analysis of GASB Statement No. 54.

**Note 5:** Restated balances - includes prior period adjustments.

**Source:** City of Cathedral City, Fund Financial Statements

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>General Fund (Note 2):</b>
					Reserved
					Unreserved
3,558	28	13	48	10	Nonspendable
50	3,710	3,353	3,177	2,994	Restricted
-	-	-	-	-	Committed
4,120	4,644	680	830	4,341	Assigned
6,728	10,605	16,626	19,186	17,656	Unassigned
<b>14,456</b>	<b>18,987</b>	<b>20,672</b>	<b>23,241</b>	<b>25,001</b>	<b>Total General Fund</b>
Note 5					
					<b>All other governmental funds (Notes 2, 3):</b>
					Reserved
					Unreserved:
					Special revenue funds
					Capital projects funds
					Debt service funds
19,322	-	-	1	1	Nonspendable (Note 4)
28,914	54,567	54,259	88,754	81,465	Restricted (Note 4)
-	-	-	-	-	Committed
-	658	172	247	297	Assigned
-	-	-	-	(79)	Unassigned
<b>48,236</b>	<b>55,225</b>	<b>54,431</b>	<b>89,002</b>	<b>81,684</b>	<b>Total all other governmental funds</b>
Note 5					





## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes	\$ 47,064	43,477	40,636	42,128	33,231
Intergovernmental	6,883	5,979	7,264	10,004	6,362
Licenses and permits	957	876	954	764	855
Fines and forfeitures	371	875	1,163	881	734
Charges for services	3,908	4,446	4,389	3,513	3,901
Special assessments	351	386	2,710	3,182	3,562
Development fees	59	1,510	68	98	58
Use of money and property	9,236	4,966	2,826	1,731	1,352
Contributions from City	-	-	-	-	-
Contributions from property owners	-	-	7,648	313	1,620
Contributions from other entities	-	-	-	-	-
Contributions from other governments	-	-	-	-	11,240
Other revenue	1,649	757	554	2,352	946
<b>Total Revenues</b>	<b>70,478</b>	<b>63,272</b>	<b>68,212</b>	<b>64,966</b>	<b>63,861</b>
<b>Expenditures</b>					
General government	6,672	6,697	16,399	8,254	6,478
Community development	16,204	16,475	22,090	13,111	16,159
Culture and recreation	147	217	311	271	444
Public safety	21,289	22,804	23,626	23,155	25,019
Public works	2,709	3,167	3,067	2,800	2,964
Capital outlay	20,109	18,252	14,357	5,056	1,782
Payments under pass-through agreements	5,502	6,107	4,803	4,494	2,089
Principal retirement	5,040	6,449	5,828	6,618	6,206
Interest	10,874	11,556	11,402	11,185	10,866
Debt issuance costs	-	-	-	-	-
Other debt-related costs	-	38	41	39	31
<b>Total Expenditures</b>	<b>88,546</b>	<b>91,762</b>	<b>101,924</b>	<b>74,983</b>	<b>72,038</b>
Excess (deficiency) of revenues over (under) expenditures	(18,068)	(28,490)	(33,712)	(10,017)	(8,177)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	-	-	2,015	-	-
Issuance of refunding debt	-	-	-	-	-
Proceeds from sale of capital assets	-	257	69	396	-
Gain (loss) on sale of assets held for disposition	(3)	-	200	15	-
Transfers in	26,550	34,382	42,710	52,888	52,940
Transfers out	(28,389)	(34,737)	(42,775)	(53,462)	(53,056)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,842)</b>	<b>(98)</b>	<b>2,219</b>	<b>(163)</b>	<b>(116)</b>
Extraordinary items	-	-	-	-	(91,719)
Special items	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (19,910)</b>	<b>(28,588)</b>	<b>(31,493)</b>	<b>(10,180)</b>	<b>(100,012)</b>
Debt service as a % of noncapital expenditures	25.5%	23.7%	19.7%	25.1%	24.2%

Source: City of Cathedral City, Fund Financial Statements

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>Revenues</b>
23,816	25,011	26,776	29,775	30,566	Taxes
6,602	7,419	11,254	7,035	4,893	Intergovernmental
857	970	1,104	1,197	1,349	Licenses and permits
624	487	498	463	597	Fines and forfeitures
4,351	4,502	6,251	5,259	6,019	Charges for services
4,028	5,755	599	561	571	Special assessments
156	74	222	84	170	Development fees
1,029	1,181	917	1,991	2,738	Use of money and property
-	-	-	794	-	Contributions from City
-	4,532	-	3,418	-	Contributions from property owners
-	-	-	-	1,400	Contributions from other entities
6,839	18,980	13,768	8,783	8,722	Contributions from other governments
668	848	637	670	460	Other revenue
<b>48,970</b>	<b>69,759</b>	<b>62,026</b>	<b>60,030</b>	<b>57,485</b>	<b>Total Revenues</b>
					<b>Expenditures</b>
7,329	8,439	9,537	8,861	9,910	General government
13,215	5,384	4,381	4,662	5,679	Community development
426	254	425	742	709	Culture and recreation
20,814	20,897	21,689	22,114	24,006	Public safety
2,464	2,741	3,247	2,950	3,497	Public works
1,211	4,228	6,797	4,254	8,625	Capital outlay
-	-	-	-	-	Payments under pass-through agreements
5,785	6,063	85,384	10,624	5,206	Principal retirement
10,598	10,329	8,958	6,459	6,840	Interest
-	-	-	838	-	Debt issuance costs
-	-	-	-	-	Other debt-related costs
<b>61,842</b>	<b>58,335</b>	<b>140,418</b>	<b>61,504</b>	<b>64,472</b>	<b>Total Expenditures</b>
(12,872)	11,424	(78,392)	(1,474)	(6,987)	Excess (deficiency) of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
-	137	-	36,170	-	Issuance of debt
-	-	-	6,698	-	Issuance of refunding debt
-	-	-	-	1,448	Proceeds from sale of capital assets
-	-	(36)	-	-	Gain (loss) on sale of assets held for disposition
2,641	1,741	12,910	2,146	508	Transfers in
(2,714)	(1,782)	(13,517)	(5,128)	(526)	Transfers out
<b>(73)</b>	<b>96</b>	<b>(643)</b>	<b>39,886</b>	<b>1,430</b>	<b>Total Other Financing Sources (Uses)</b>
-	-	-	-	-	Extraordinary items
-	-	79,927	(1,274)	-	Special items
<b>(12,945)</b>	<b>11,520</b>	<b>892</b>	<b>37,138</b>	<b>(5,557)</b>	<b>Net Change in Fund Balances</b>
28.9%	30.2%	70.4%	29.0%	19.2%	Debt service as a % of noncapital expenditures

## Tax Revenues by Source - Governmental Funds

Last Ten Fiscal Years (dollar in thousands – modified accrual basis of accounting)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Taxes</b>					
Cannabis/marijuana	\$ -	-	-	-	-
Franchise	1,975	1,995	1,856	1,851	1,866
In-lieu VLF property	4,167	4,214	3,690	3,469	3,339
Property	1,598	1,353	1,217	1,265	1,836
Sales	8,345	6,165	5,468	6,572	6,895
Time share developer	478	483	481	464	521
Transactions and use	-	-	-	2,941	4,337
Transient occupancy	1,632	1,150	1,023	999	1,136
Utility users	-	635	2,861	2,766	2,753
Subtotal	18,195	15,995	16,596	20,327	22,683
Motor vehicle in-lieu	-	-	-	-	-
Property (former RDA tax increment) (Note 1)	28,869	27,482	24,040	21,801	10,548
Special assessments	-	-	-	-	-
Vehicle fines and forfeits	-	-	-	-	-
<b>Total</b>	<b>\$ 47,064</b>	<b>43,477</b>	<b>40,636</b>	<b>42,128</b>	<b>33,231</b>

### Notes to Schedule:

**Note 1:** The City's redevelopment agency was dissolved February 1, 2012, in accordance with ABX1 26. Prior to this date, property taxes included tax increment received by the redevelopment agency. Taxes received subsequent to that date are recorded in private-purpose trust funds for payment of outstanding obligations.

**Note 2:** As part of the negotiations surrounding a state budget deficit, cities and counties agreed to exchange state general fund revenues they received to offset vehicle license fee (VLF) reductions for a like amount of property tax revenues from ERAF (Education Revenue Augmentation Fund). The VLF/Property Tax swap began with the fiscal year ended June 30, 2005.

**Note 3:** Sales tax includes supplemental amounts from the Sales Tax Compensation Fund beginning with the fiscal year ended June 30, 2005. The supplemental amounts are the results of the state's "triple flip", whereby local governments swapped part of their sales tax (0.25%) for a like amount of property tax. The triple flip ended in fiscal year 2014/15, with final payments being received in fiscal year 2015/16.

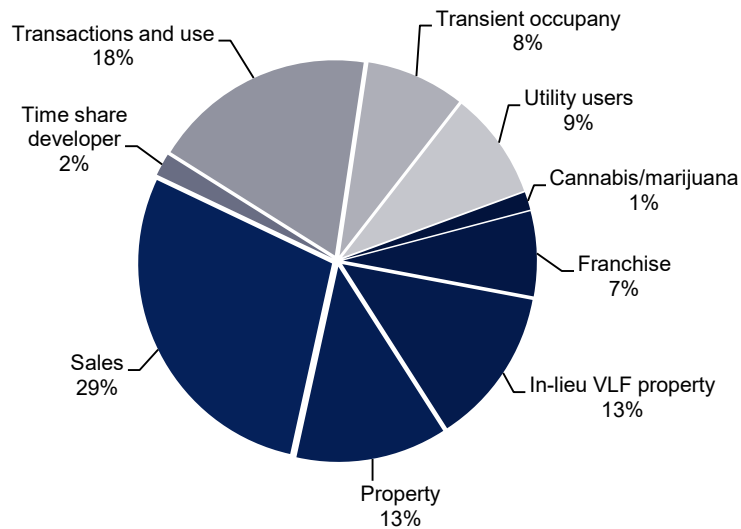
**Note 4:** Beginning in 2008, the motor vehicle in-lieu revenue, a state subvention, is being reported as intergovernmental revenue.

**Note 5:** Prior to 2008, franchise fees were reported as charges for services.

**Source:** City of Cathedral City Finance Department

Fiscal Year					
2013	2014	2015	2016	2017	
-	-	-	47	450	<b>Taxes</b>
1,881	1,980	1,995	1,885	2,145	Cannabis/marijuana
3,260	3,408	3,578	3,776	3,959	Franchise
2,101	1,907	2,647	3,575	3,847	In-lieu VLF property
7,403	8,159	8,427	9,596	8,727	Property
530	543	552	557	567	Sales
4,725	4,911	5,327	5,821	5,658	Time share developer
1,114	1,340	1,447	1,771	2,504	Transactions and use
2,802	2,763	2,803	2,747	2,709	Transient occupany
23,816	25,011	26,776	29,775	30,566	Utility users
-	-	-	-	-	Subtotal
-	-	-	-	-	Motor vehicle in-lieu
-	-	-	-	-	Property (former RDA tax increment) (Note 1)
-	-	-	-	-	Special assessments
-	-	-	-	-	Vehicle fines and forfeits
<b>23,816</b>	<b>25,011</b>	<b>26,776</b>	<b>29,775</b>	<b>30,566</b>	<b>Total</b>

2017 Tax Revenues by Source



## Taxable Sales by Category

Last Ten Calendar Years (dollar in thousands)

	Calendar Year				
	2007	2008	2009	2010	2011
Apparel stores	\$ 7,866	9,562	8,183	8,565	10,339
General merchandise	38,247	35,269	32,338	31,261	30,311
Food stores	29,399	29,154	30,088	27,138	26,829
Eating and drinking places	56,531	60,612	52,246	49,463	52,349
Building materials	48,604	39,596	27,298	18,753	19,239
Auto dealers and supplies	393,231	277,725	234,465	259,574	291,893
Service stations	88,617	92,338	66,504	77,474	92,161
Other retail stores	71,506	59,895	53,488	52,391	47,807
All other outlets	158,598	149,801	102,223	98,077	106,856
<b>Total</b>	<b>\$ 892,599</b>	<b>753,952</b>	<b>606,833</b>	<b>622,696</b>	<b>677,784</b>
<b>Sales tax rate:</b>					
State rate (Notes 2 through 4)	6.25%	6.25%	7.25%	7.25%	6.25%
Local rate	1.00%	1.00%	1.00%	1.00%	1.00%
District rate-Riverside County - Measure A (transit)	0.50%	0.50%	0.50%	0.50%	0.50%
District rate-Cathedral City - Measures H/B (Note 5)	0.00%	0.00%	0.00%	1.00%	1.00%
<b>Total sales tax rate</b>	<b>7.75%</b>	<b>7.75%</b>	<b>8.75%</b>	<b>9.75%</b>	<b>8.75%</b>

### Note to Schedule:

**Note 1:** Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

**Note 2:** State rate increased from 6.25% to 7.25% effective April 1, 2009.

**Note 3:** Rate decreased from 7.25% to 6.25% effective July 1, 2011.

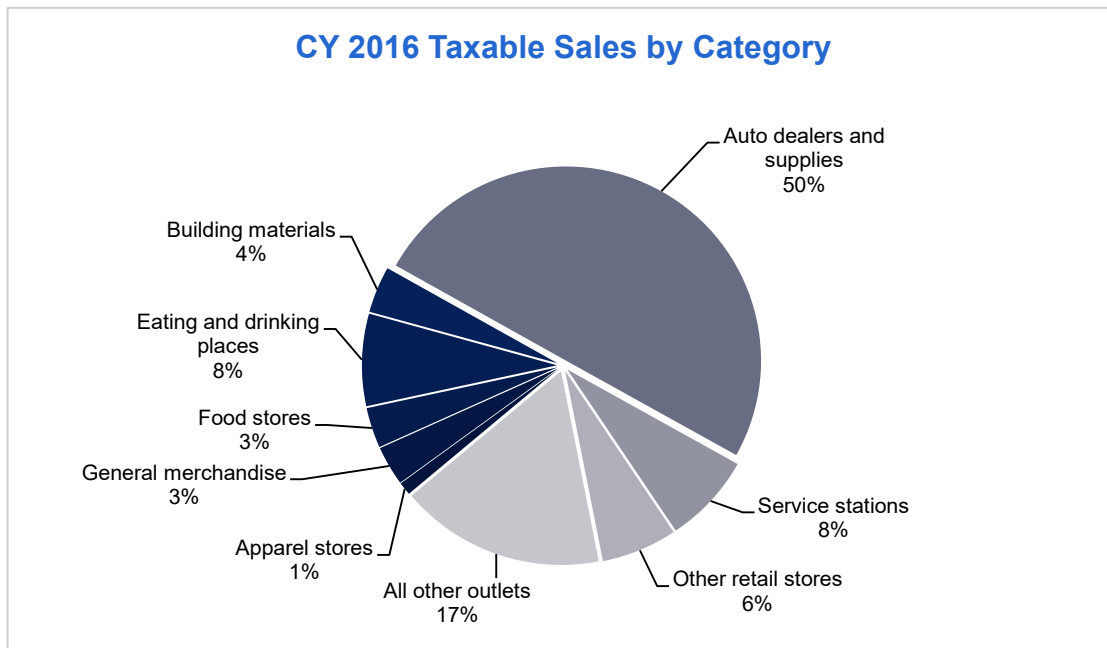
**Note 4:** Rate increased from 6.25% to 6.50% effective January 1, 2013.

**Note 5:** Additional District tax rate of 1.00% effective October 1, 2010, resulting from the passage of Measure H in June 2010. The District tax was temporary and set to expire September 30, 2015. In June 2014, voters approved Measure B extending the 1% tax indefinitely.

**Source:** The HDL Companies; State of California Board of Equalization

Calendar Year					
2012	2013	2014	2015	2016	
9,780	10,750	10,691	10,230	9,538	Apparel stores
30,435	31,110	31,276	29,907	29,301	General merchandise
26,649	27,245	27,970	29,216	29,915	Food stores
52,758	55,120	58,218	64,215	68,281	Eating and drinking places
23,090	27,369	32,134	36,537	34,344	Building materials
319,991	375,943	406,984	447,301	444,525	Auto dealers and supplies
84,041	77,170	81,020	80,086	66,735	Service stations
55,506	58,501	55,796	54,580	55,942	Other retail stores
115,092	129,638	135,583	145,868	151,129	All other outlets
<b>717,342</b>	<b>792,846</b>	<b>839,672</b>	<b>897,940</b>	<b>889,710</b>	<b>Total</b>
					<b>Sales tax rate:</b>
6.25%	6.50%	6.50%	6.50%	6.50%	State rate (Notes 2 through 4)
1.00%	1.00%	1.00%	1.00%	1.00%	Local rate
0.50%	0.50%	0.50%	0.50%	0.50%	District rate-Riverside County - Measure A (transit)
1.00%	1.00%	1.00%	1.00%	1.00%	District rate-Cathedral City - Measures H/B (Note 5)
<b>8.75%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>Total sales tax rate</b>

CY 2016 Taxable Sales by Category



## Top 25 Sales Tax Producers

Current Year and Nine Years Ago (listed alphabetically)

2017		2008	
Taxpayer	Business	Taxpayer	Business
76 Gas	Service Stations	Acura Mazda of the Desert	New Motor Vehicles Dealers
99 Cents Only	Variety Stores	Albertsons	Grocery Stores
Acura of the Desert	New Motor Vehicle Dealers	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM Mini Mart	Service Stations
Arco AM PM	Service Stations	C & M Building Materials	Building Materials
Arco AM PM	Service Stations	Crystal Chrysler Jeep Dodge Center	New Motor Vehicles Dealers
Arco AM PM	Service Stations	Desert Lexus	New Motor Vehicles Dealers
Circle K	Convenience Stores/Liquor	Ferguson Enterprises	Plumbing/Electrical Supplies
Crystal Chrysler Jeep Dodge Center	New Motor Vehicle Dealers	Food 4 Less	Grocery Stores
Desert Lexus	New Motor Vehicle Dealers	Honda of the Desert	New Motor Vehicles Dealers
Honda Lease Trust	Auto Lease	JC Mobil	Service Stations
Honda of the Desert	New Motor Vehicle Dealers	Jessup Auto Plaza	New Motor Vehicles Dealers
Jessup Auto Plaza	New Motor Vehicle Dealers	Linders Furniture	Home Furnishings
Mike Thompsons RVs	Trailers/RVs	Market Place Shell	Service Stations
Palm Springs Ford	New Motor Vehicle Dealers	Palm Springs Ford	New Motor Vehicles Dealers
Palm Springs Kia	New Motor Vehicle Dealers	Palm Springs Nissan	New Motor Vehicles Dealers
Palm Springs Nissan	New Motor Vehicle Dealers	Palm Springs Oil	Service Stations
Palm Springs Volvo & Subaru	New Motor Vehicle Dealers	Palm Springs Volvo & Subaru	New Motor Vehicles Dealers
Stater Bros	Grocery Stores	Stater Bros	Grocery Stores
Target	Discount Dept Stores	Target	Discount Dept Stores
Toyota Lease Trust	Auto Lease	Toyota Motor Credit	Auto Lease
Toyota of the Desert Scion	New Motor Vehicle Dealers	Toyota of the Desert	New Motor Vehicles Dealers
United Rentals	Repair Shop/Equip. Rentals	United Rentals	Repair Shop/Equip. Rentals
Volkswagen of Palm Springs	New Motor Vehicle Dealers	Valero Corner Store	Service Stations
Walgreens	Drug Stores	Walgreens	Drug Stores
Percentage of total paid by top 25 accounts - 64.32%		Percentage of total paid by top 25 accounts - 62.11%	

### Notes to Schedule:

**Note 1:** Information is for the periods April 2016 through March 2017 and April 2007 through March 2007, respectively.

**Note 2:** Sales tax data is required to be kept confidential by California Revenue and Taxation Code Section 7056. Sales tax information for groups of businesses are allowed to be disclosed if: (1) at least 25 retailers are included; (2) businesses are presented in random or alphabetical order; (3) businesses are not ranked by amount paid; and (4) sales or use tax amounts are omitted.

**Source:** Hinderliter, de Llamas & Associates; California State Board of Equalization



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## Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Residential	\$ 2,974,597	2,951,474	2,473,035	2,295,531	2,209,410
Commercial	404,576	433,387	463,709	450,136	432,569
Industrial	86,412	90,519	92,260	90,613	90,483
Dry farm	57	59	60	-	-
Government owned	1,025	502	512	511	514
Institutional	2,149	7	1,200	109	101
Recreational	30,617	37,441	28,333	24,878	24,544
Vacant	145,254	150,240	120,145	106,557	93,923
SBE Nonunitary	-	-	-	-	-
Cross reference	612,413	623,396	584,741	548,959	520,021
Unsecured	91,166	100,262	92,612	97,133	100,848
Other	-	86	-	-	-
<b>Total net taxable assessed value</b>	<b>\$ 4,348,266</b>	<b>4,387,373</b>	<b>3,856,607</b>	<b>3,614,427</b>	<b>3,472,413</b>
Total direct tax rate (Note 3)	\$ 0.91284	0.91372	0.89971	0.88849	0.89234
<b>Estimated actual taxable value</b>	Note 4	Note 4	Note 4	Note 4	Note 4
Assessed value as a percentage of estimated actual value	Note 4	Note 4	Note 4	Note 4	Note 4

### Note to Schedule:

**Note 1:** In 1978, the voters of the State of California passed Proposition 13, which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time that it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Note 2:** The "total net taxable assessed value" is net of tax-exempt property. In addition, homeowners exemptions are not included in the above totals.

**Note 3:** Beginning in 2013/14, the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13.

**Note 4:** N/A - Data unavailable.

**Source:** HdL Coren & Cone (Riverside County Assessor 2007/08 - 2017/18 Combined Tax Rolls)

Fiscal Year					
2013	2014	2015	2016	2017	
2,129,244	2,282,069	2,466,935	2,625,425	2,745,532	Residential
439,471	443,092	438,756	462,758	481,117	Commercial
92,716	92,134	87,068	89,529	96,035	Industrial
-	-	-	-	-	Dry farm
525	535	537	548	557	Government owned
8	4,927	178	181	5,301	Institutional
23,320	23,606	21,724	21,557	21,862	Recreational
86,198	83,339	86,718	90,054	116,356	Vacant
-	-	-	-	-	SBE Nonunitary
527,791	536,668	550,002	567,938	585,569	Cross reference
89,328	92,786	90,909	83,412	92,497	Unsecured
-	-	-	-	-	Other
<b>3,388,601</b>	<b>3,559,156</b>	<b>3,742,827</b>	<b>3,941,402</b>	<b>4,144,826</b>	<b>Total net taxable assessed value</b>
0.88187	0.21541	0.19547	0.21475	0.21335	Total direct tax rate (Note 3)
Note 4	Note 4	Note 4	Note 4	Note 4	<b>Estimated actual taxable value</b>
Note 4	Note 4	Note 4	Note 4	Note 4	Assessed value as a percentage of estimated actual value

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year				
	2008	2009	2010	2011	2012
Direct rate					
City's share of 1% levy per Prop 13 (Note 1)	\$ 0.16455	0.16455	0.16455	0.16144	0.16144
Redevelopment rate (Note 2)	1.00000	1.00000	1.00000	1.00000	1.00000
Total direct rate (Note 3)	0.91284	0.91372	0.89971	0.88849	0.89234
Direct and overlapping rates (Note 4)					
Basic levy (Note 5)	\$ 1.00000	1.00000	1.00000	1.00000	1.00000
Coachella Valley Water District (CVWD)	0.04000	0.04000	0.06000	0.08000	0.08000
CVWD Improvement District 53	0.00090	-	-	-	-
CVWD Improvement District 54	0.00720	0.00650	0.00650	0.00530	-
Desert Community College	0.01995	0.01995	0.01995	0.01995	0.01995
Desert Water Agency	0.08000	0.08000	0.08000	0.08000	0.08000
Palm Springs Unified B&I - 1992-A	0.05468	0.06007	0.12628	0.13224	0.10451
Total direct and overlapping rates	\$ 1.20273	1.20652	1.29273	1.31749	1.28446

### Note to Schedule:

**Note 1:** City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. Educational Revenue Augmentation Funds (ERAF) general fund tax shifts may not be included in tax ratio figures.

**Note 2:** Redevelopment rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated redevelopment agencies in California for fiscal year 2012/13 and years thereafter.

**Note 3:** Total direct rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the total direct rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

**Note 4:** Overlapping rates are those of local and county governments that apply to property owners within the city. Not all overlapping rates apply to all city property owners.

**Note 5:** In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount (basic levy). This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter-approved bonds.

**Source:** HdL Coren & Cone (Riverside County Assessor 2007/08 - 2016/17 Tax Rate Tables)

Fiscal Year					
2013	2014	2015	2016	2017	
0.16144	0.16144	0.16144	0.16144	0.16144	<b>Direct rate</b>
-	-	-	-	-	City's share of 1% levy per Prop 13 (Note 1)
0.88187	0.21541	0.19547	0.21475	0.21335	Redevelopment rate (Note 2)
					Total direct rate (Note 3)
1.00000	1.00000	1.00000	1.00000	1.00000	<b>Direct and overlapping rates (Note 4)</b>
0.08000	0.10000	0.10000	0.10000	0.10000	Basic levy (Note 5)
-	-	-	-	-	Coachella Valley Water District (CVWD)
-	-	-	-	-	CVWD Improvement District 53
0.01995	0.01995	0.02325	0.02087	0.02036	CVWD Improvement District 54
0.10000	0.10000	0.10000	0.10000	0.10000	Desert Community College
0.09351	0.12961	0.10160	0.08978	0.11802	Desert Water Agency
<b>1.29346</b>	<b>1.34956</b>	<b>1.32485</b>	<b>1.31065</b>	<b>1.33838</b>	Palm Springs Unified B&I - 1992-A
					<b>Total direct and overlapping rates</b>

## Principal Property Taxpayers

Current Year and Nine Years Ago (dollars in thousands)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
MHC Date Palm LLC	\$ 33,000	1	0.77%	\$ 29,070	2	0.66%
Welk Park North	27,640	2	0.65%	26,121	3	0.59%
CC RP LLC	19,544	3	0.46%			
T Alliance One Palm Springs LLC	18,389	4	0.43%			
City Urban Revitalization Corp	17,830	5	0.42%			
Robertas LP	17,060	6	0.40%			
Bre Throne Plaza Rio Vista	15,751	7	0.37%			
Palm Springs Motors Inc	14,805	8	0.35%			
Rolling Hills Silver Spur LP	14,702	9	0.34%			
Furer	14,188	10	0.33%			
BJS Cat City				43,344	1	0.98%
Meristar Sub 1C				21,453	4	0.48%
Las Estancias Dev Company Inc				17,679	5	0.40%
Rio Vista Nevada				17,616	6	0.40%
WHP Rio Vista				16,027	7	0.36%
Cathedral Group				15,762	8	0.36%
MPT Investors I				13,719	9	0.31%
Mega Dealer				13,555	10	0.31%
<b>Totals</b>	<b>\$ 192,909</b>		<b>4.52%</b>	<b>214,346</b>		<b>4.85%</b>

Notes to Schedule:**Note 1:** Rankings are based on taxable assessed value, not property taxes paid.**Source:** HdL Coren & Cone (Riverside County Assessor 2016/17 and 2007/08 Combined Tax Rolls and the SBE Unitary Tax Roll)

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## Property Tax Levies and Collections

Last Ten Fiscal Years (dollars in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Fund</b>					
Tax levy for fiscal year (Note 1)	\$ 1,036	1,029	1,031	1,058	1,070
Collections in year due	\$ 903	892	837	961	981
Collections in subsequent years	116	97	68	47	39
Total collections identifiable with levy year	\$ 1,019	989	905	1,008	1,020
Percentage of levy collected in year due	87.16%	86.69%	81.18%	90.83%	91.68%
Total percentage of levy collected	98.36%	96.11%	87.78%	95.27%	95.33%
<b>Redevelopment Agency</b>					
Tax levy for fiscal year (Note 1)	\$ 25,930	26,295	22,860	21,196	-
Collections in year due	\$ 25,997	26,279	22,619	21,066	-
Collections in subsequent years	-	1	-	-	-
Total collections identifiable with levy year	\$ 25,997	26,280	22,619	21,066	-
Percentage of levy collected in year due	100.26%	99.94%	98.95%	99.39%	-
Total percentage of levy collected	100.26%	99.94%	98.95%	99.39%	-
<b>Total</b>					
Tax levy for fiscal year (Note 1)	\$ 26,966	27,324	23,891	22,254	1,070
Collections in year due	\$ 26,900	27,171	23,456	22,027	981
Collections in subsequent years	116	98	68	47	39
Total collections identifiable with levy year	\$ 27,016	27,269	23,524	22,074	1,020
Percentage of levy collected in year due	99.76%	99.44%	98.18%	98.98%	91.68%
Total percentage of levy collected	100.19%	99.80%	98.46%	99.19%	95.33%

### Note to Schedule:

**Note 1:** The total tax levy is based on the Statements of Original Charge and Tax Increment Summaries from the Riverside County Auditor-Controller's Office. This amount does not include the results of any successful appeals of a taxpayers assessed valuation. As such, the percentage of the levy collected may be lower than expected.

**Note 2:** The City participates in the Riverside County Teeter program, which allows for a 30% advance, one settlement payment for the first installment, a 10% advance, a settlement payment for the second installment, and one final settlement payment, which is generally received during November of the subsequent fiscal year.

**Note 3:** Collections for 2017 are for amounts received as of August 31, 2017.

**Note 4:** The Redevelopment Agency was dissolved effective February 1, 2012.

**Source:** City of Cathedral City; Riverside County Auditor-Controller's Office

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>General Fund</b>
<u>1,062</u>	<u>1,060</u>	<u>1,064</u>	<u>1,063</u>	<u>1,076</u>	Tax levy for fiscal year (Note 1)
994	1,013	1,029	1,032	1,055	Collections in year due
30	24	22	-	-	Collections in subsequent years
<u>1,024</u>	<u>1,037</u>	<u>1,051</u>	<u>1,032</u>	<u>1,055</u>	Total collections identifiable with levy year
93.60%	95.57%	96.71%	97.08%	98.05%	Percentage of levy collected in year due
96.42%	97.83%	98.78%	97.08%	98.05%	Total percentage of levy collected
					<b>Redevelopment Agency</b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Tax levy for fiscal year (Note 1)
-	-	-	-	-	Collections in year due
-	-	-	-	-	Collections in subsequent years
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total collections identifiable with levy year
-	-	-	-	-	Percentage of levy collected in year due
-	-	-	-	-	Total percentage of levy collected
					<b>Total</b>
<u>1,062</u>	<u>1,060</u>	<u>1,064</u>	<u>1,063</u>	<u>1,076</u>	Tax levy for fiscal year (Note 1)
994	1,013	1,029	1,032	1,055	Collections in year due
30	24	22	-	-	Collections in subsequent years
<u>1,024</u>	<u>1,037</u>	<u>1,051</u>	<u>1,032</u>	<u>1,055</u>	Total collections identifiable with levy year
93.60%	95.57%	96.71%	97.08%	98.05%	Percentage of levy collected in year due
96.42%	97.83%	98.78%	97.08%	98.05%	Total percentage of levy collected

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Lease revenue bonds	\$ 5,655	5,255	4,835	4,705	4,565
Tax allocation bonds	224,185	220,710	217,095	212,647	208,000
Revenue bonds	-	-	-	-	-
Limited obligation bonds	9,140	6,901	5,667	4,668	3,819
Capital leases	1,305	1,181	2,862	2,559	2,243
Long-term loans/notes	9,234	9,758	10,254	10,185	-
<b>Total primary government</b>	<b>\$ 249,519</b>	<b>243,805</b>	<b>240,713</b>	<b>234,764</b>	<b>218,627</b>
 <b>Percentage of personal income</b>	 <b>22.95%</b>	 <b>22.31%</b>	 <b>22.28%</b>	 <b>20.60%</b>	 <b>19.31%</b>
 <b>Per capita</b>	 <b>\$ 4,794</b>	 <b>4,694</b>	 <b>4,584</b>	 <b>4,443</b>	 <b>4,208</b>

### Note to Schedule:

**Note 1:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** See the *Demographic and Economic Statistics* table for personal income and population data. Personal income, population and per capita personal income data were based on calendar year information. To calculate the "% of Personal Income" and "Per Capita" statistics, total primary government debt for the fiscal year and personal income/population data for the calendar were used. (e.g., for fiscal year 2017 debt, calendar year 2016 personal income/population data were used.)

**Source:** City of Cathedral City Finance Department, The HDL Companies, State of California Board of Equalization

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>Governmental Activities</b>
4,410	4,245	4,065	3,554	3,322	Lease revenue bonds
203,154	198,096	113,859	111,429	108,889	Tax allocation bonds
-	-	-	-	-	Revenue bonds
3,636	3,432	3,233	39,100	37,410	Limited obligation bonds
1,913	1,701	1,317	917	518	Capital leases
-	-	-	-	-	Long-term loans/notes
<b>213,113</b>	<b>207,474</b>	<b>122,474</b>	<b>155,000</b>	<b>150,139</b>	<b>Total primary government</b>
<b>19.18%</b>	<b>19.36%</b>	<b>11.90%</b>	<b>14.99%</b>	<b>14.41%</b>	<b>Percentage of personal income</b>
<b>4,072</b>	<b>3,945</b>	<b>2,330</b>	<b>2,857</b>	<b>2,752</b>	<b>Per capita</b>

## Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years (dollar in thousands, except per capita amount)

	Fiscal Year				
	2008	2009	2010	2011	2012
Lease revenue bonds	\$ 5,655	5,255	4,835	4,705	4,565
Tax allocation bonds	224,185	220,710	217,095	212,647	208,000
Limited obligation bonds	9,140	6,901	5,667	4,668	3,819
Total bonded debt	238,980	232,866	227,597	222,020	216,384
Less: Debt service reserves	(26,197)	(22,805)	(16,846)	(21,930)	(15,397)
<b>Net bonded debt</b>	<b>\$ 212,783</b>	<b>210,061</b>	<b>210,751</b>	<b>200,090</b>	<b>200,987</b>
<b>Percentage of net bonded debt to actual taxable assessed value of property</b>	<b>4.89%</b>	<b>4.79%</b>	<b>5.46%</b>	<b>5.54%</b>	<b>5.79%</b>
<b>Net bonded debt per capita</b>	<b>\$ 4,088</b>	<b>4,044</b>	<b>4,014</b>	<b>3,787</b>	<b>3,869</b>

### Notes to Schedule:

**Note 1:** General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none). Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** See the Assessed Value and Actual Value of Taxable Property table for property value data.

**Note 3:** See the Demographic and Economic Statistics table for population data. The ratio is calculated using population data for the calendar year.

**Source:** City of Cathedral City Finance Department; Assessed Value and Actual Value of Taxable Property table; Demographic and Economic Statistics table

Fiscal Year					
2013	2014	2015	2016	2017	
4,410	4,245	4,065	3,554	3,322	Lease revenue bonds
203,154	198,096	113,859	111,429	108,889	Tax allocation bonds
3,636	3,432	3,233	39,100	37,410	Limited obligation bonds
211,200	205,773	121,157	154,083	149,621	Total bonded debt
(5,229)	(4,146)	(4,165)	(4,778)	(3,578)	Less: Debt service reserves
<b>205,971</b>	<b>201,627</b>	<b>116,992</b>	<b>149,305</b>	<b>146,043</b>	<b>Net bonded debt</b>
6.08%	5.67%	3.13%	3.79%	3.52%	Percentage of net bonded debt to actual taxable assessed value of property
3,935	3,834	2,225	2,752	2,677	Net bonded debt per capita

## Direct and Overlapping Governmental Activities Debt

June 30, 2017

	Debt Outstanding	Percentage Applicable <sup>(2)</sup>	City of Cathedral City Share of Debt
<b>Direct and Overlapping Tax and Assessment Debt <sup>(1)</sup></b>			
Desert Community College District	\$ 278,449,403	5.558%	15,476,218
Palm Springs Unified School District	423,340,521	15.084%	63,856,684
Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A (Limited Obligations)	37,410,000	100.000%	37,410,000
City of Cathedral City Community Facilities District No. 2000-01	10,415,000	100.000%	10,415,000
City of Cathedral City 1915 Act Bonds	38,736,238	100.000%	38,736,238
Total direct and overlapping tax and assessment debt			<u>\$ 165,894,140</u>
<b>Direct and Overlapping General Fund Debt</b>			
Riverside County General Fund Obligations	\$ 849,105,407	1.654%	\$ 14,044,203
Riverside County Pension Obligation Bonds	286,535,000	1.654%	4,739,289
Cathedral City Public Financing Authority, 2015 Lease Revenue Refunding Bonds, Series 2015A (Taxable)	3,322,000	100.000%	3,322,000
City of Cathedral City (Capital Leases)	517,830	100.000%	517,830
Total gross direct and overlapping general fund debt			<u>\$ 22,623,322</u>
Less: Riverside County supported obligations			(80,173)
Total net direct and overlapping general fund debt			<u>\$ 22,543,149</u>
<b>Direct Tax Increment Debt (Cathedral City Public Financing Authority Bonds)</b>			
City of Cathedral City Merged Redevelopment Project Area Nos. 1 and 2	\$ 6,077,376	100.000%	\$ 6,077,376 <sup>(3)</sup>
City of Cathedral City Redevelopment Project Area No. 3	6,530,000	100.000%	6,530,000
City of Cathedral City 2006 Merged Redevelopment Project Area	96,281,576	100.000%	96,281,576 <sup>(3)</sup>
Total direct tax increment debt			<u>\$ 108,888,952</u>
<b>Overlapping Tax Increment Debt (Successor Agencies)</b>			
City of Cathedral City Redevelopment 2006 Merged Project Area	\$ 41,590,000	97.107%	\$ 40,386,801 <sup>(4)</sup>
City of Cathedral City Redevelopment Housing Bonds	25,335,000	97.107%	24,602,058 <sup>(4)</sup>
City of Rancho Mirage 1984 Redevelopment Project Area	59,281,027	0.224%	132,790
City of Rancho Mirage Redevelopment Housing Bonds	17,985,000	0.143%	25,719
Total overlapping tax increment debt			<u>\$ 65,147,368</u>
Total direct debt			<u>\$ 150,138,782</u>
Total gross overlapping debt			\$ 212,415,000
Total net overlapping debt			\$ 212,334,827
Gross combined total debt			\$ 362,553,782 <sup>(5)</sup>
Net combined total debt			\$ 362,473,609
<b>Ratios to 2016-17 Assessed Valuation: (\$4,144,041,063)</b>			
Total direct and overlapping tax and assessment debt			4.00%
Total direct debt (\$150,138,782)			3.62%
Gross combined total debt			8.75%
Net combined total debt			8.75%
<b>Ratio to Redevelopment Incremental Valuation: (\$3,638,799,131)</b>			
Total direct and overlapping tax increment debt			4.78%

(1) Includes all bonded debt which requires a tax levy or assessment charge: e.g., general obligation bonds, Mello-Roos Act and 1915 Act Bonds, benefit assessments, lease tax obligations and parcel tax obligations.

(2) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

(3) Includes bond premiums and/or accreted interest on capital appreciation bonds.

(4) A portion of Project Area No. 3 is within the boundaries of the City of Rancho Mirage, which is why the percentage applicable is less than 100%.

(5) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.



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## Legal Debt Margin Information

Last Ten Fiscal Years (dollar in thousands)

### Calculation of Legal Debt Margin for Fiscal Year 2017

Assessed Value	4,144,826
Debt limit %	15.00%
Debt limit - (15% of assessed value)	621,724
Less: Debt applicable to limit	-
<b>Legal debt margin — June 30</b>	<b>\$ 621,724</b>

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	652,240	658,106	578,491	542,164	520,862
Total net debt applicable to limit	-	-	-	-	-
<b>Legal debt margin</b>	<b>652,240</b>	<b>658,106</b>	<b>578,491</b>	<b>542,164</b>	<b>520,862</b>
<b>Total net debt applicable to the limit as a percentage of debt limit</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

### Note to Schedule:

**Note 1:** The California Government Code, Section 43605, limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

**Source:** City of Cathedral City Finance Department; HdL Coren & Cone (Riverside County Assessor 2016/17 Combined Tax Rolls)

Fiscal Year					
2013	2014	2015	2016	2017	
508,290	555,380	583,377	591,210	621,724	Debt limit
-	-	-	-	-	Total net debt applicable to limit
<b>508,290</b>	<b>555,380</b>	<b>583,377</b>	<b>591,210</b>	<b>621,724</b>	<b>Legal debt margin</b>
0.00%	0.00%	0.00%	0.00%	0.00%	<b>Total net debt applicable to the limit as a percentage of debt limit</b>

## Pledged-Revenue Coverage

Last Ten Fiscal Years (dollar in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Lease Revenue Bonds</b>					
Pledged lease revenues	767	773	487	475	475
<b>Available for debt service</b>	<b>767</b>	<b>773</b>	<b>487</b>	<b>475</b>	<b>475</b>
Debt service - principal and interest	812	815	811	504	504
Coverage (Note 2)	0.94	0.95	0.60	0.94	0.94
<b>Tax Allocation Bonds (Note 3):</b>					
Pledged tax increment	28,869	27,482	24,040	21,801	10,548
Pledged property taxes	-	-	-	-	7,632
<b>Available for debt service</b>	<b>28,869</b>	<b>27,482</b>	<b>24,040</b>	<b>21,801</b>	<b>18,180</b>
Debt service - principal and interest	12,377	14,446	14,440	15,098	15,100
Coverage	2.33	1.90	1.66	1.44	1.20

### Notes to Schedule:

**Note 1:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Note 2:** The decrease in the 2010 coverage percentage was the result of using the reserve balance (\$296,000) in addition to lease revenues to make the final payment on the 1996 lease revenue bonds.

**Note 3:** The former redevelopment agency was dissolved as of February 1, 2012. Prior to that date, tax increment monies were received from Riverside County to make the tax allocation bond payments. Subsequent to dissolution, the Successor Agency only receives property taxes in the amount necessary to pay enforceable obligations, including bonds, for each six-month period (July through December and January through June). The coverage ratio is calculated based on debt service requirements for the current fiscal year compared to property taxes received during the same period. However, property taxes actually received by the Successor Agency are for the second half of the fiscal year (January receipts) and the first half of the following fiscal year (June receipts).

**Note 4:** Tax allocation bonds principal and interest totaled \$93,022,679 for the fiscal year ended June 30, 2015. Of this amount, \$79,926,621 was paid from "contributions from other governments".

**Note 5:** Pledged property taxes received totaled \$15,016,945. These amounts were pledged to pay the tax allocation bond debt issued by the Public Financing Authority (principal/interest of \$8,068,751, and the Successor Agency (principal/interest of \$6,364,758).

**Source:** City of Cathedral City Finance Department

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>Lease Revenue Bonds</b>
475	475	475	299	378	Pledged lease revenues
<b>475</b>	<b>475</b>	<b>475</b>	<b>299</b>	<b>378</b>	<b>Available for debt service</b>
507	505	506	299	378	Debt service - principal and interest
0.94	0.94	0.94	1.00	1.00	Coverage (Note 2)
					<b>Tax Allocation Bonds (Note 3):</b>
-	-	-	-	-	Pledged tax increment
14,364	15,879	16,803	14,073	15,017	Pledged property taxes
<b>14,364</b>	<b>15,879</b>	<b>16,803</b>	<b>14,073</b>	<b>15,017</b>	<b>Available for debt service</b>
15,092	15,086	13,096	8,075	8,069	Debt service - principal and interest
		Note 4		Note 5	
0.95	1.05	1.28	1.74	1.86	Coverage

## Demographic and Economic Statistics

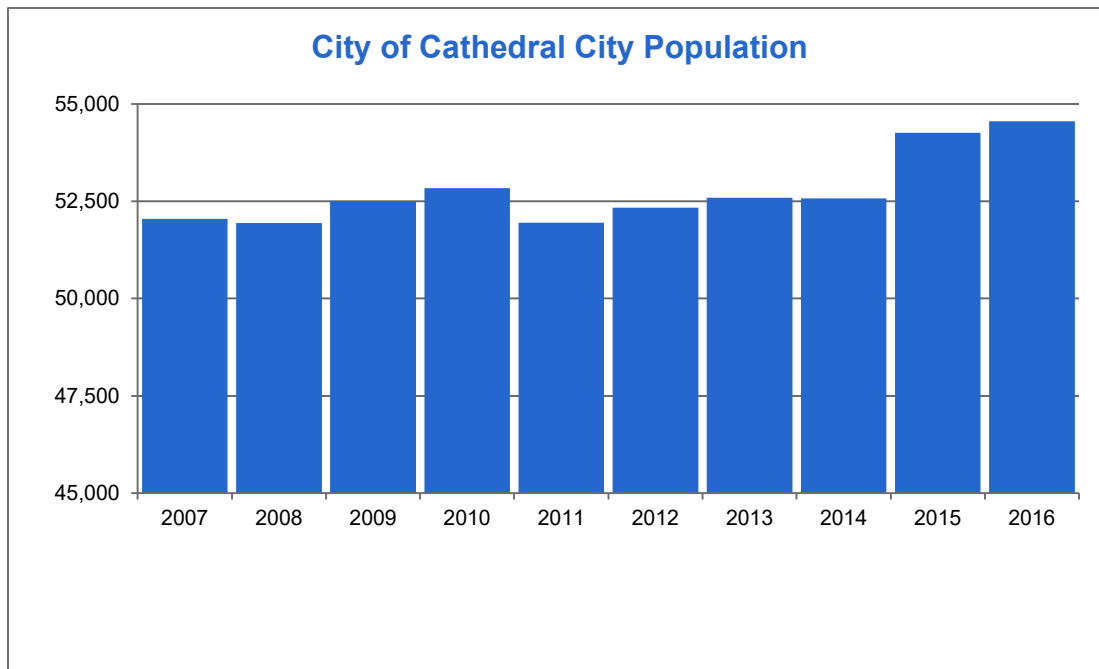
### Last Ten Calendar Years

	Calendar Year				
	2007	2008	2009	2010	2011
Population <sup>1</sup>	52,046	51,945	52,508	52,841	51,952
Personal income (expressed in thousands) <sup>2</sup>	\$ 1,087,398	1,093,008	1,080,383	1,139,728	1,132,034
Per capita personal income <sup>2</sup>	\$ 20,893	21,042	20,576	21,569	21,790
Unemployment rate <sup>3</sup>	5.90%	8.30%	13.30%	14.40%	13.30%
Median age <sup>2</sup>	NA	NA	33.2	35.8	36.5
% of population 25+ — high school degree <sup>2</sup>	NA	NA	72.70%	73.70%	73.70%
% of population 25+ — bachelor's degree <sup>2</sup>	NA	NA	17.40%	17.20%	16.60%

NA - Information not available

**Source:** <sup>1</sup> HdL Coren & Cone (State of California, Department of Finance); <sup>2</sup> HdL Coren & Cone (2000-2009: ESRI - demographics are based on the last available Census); (2010 and later: U.S. Census Bureau, most recent American Community Survey); <sup>3</sup> HdL Coren & Cone (California Employment Development Department)

Calendar Year					
2012	2013	2014	2015	2016	
52,337	52,595	52,571	54,261	54,557	Population <sup>1</sup>
1,111,219	1,071,623	1,029,235	1,033,859	1,041,771	Personal income (expressed in thousands) <sup>2</sup>
21,232	20,375	19,578	19,053	19,095	Per capita personal income <sup>2</sup>
9.40%	8.10%	6.70%	5.50%	4.90%	Unemployment rate <sup>3</sup>
35.8	35.0	34.5	34.8	35.9	Median age <sup>2</sup>
72.40%	73.30%	73.40%	74.40%	75.30%	% of population 25+ — high school degree <sup>2</sup>
15.60%	15.40%	15.00%	16.10%	16.70%	% of population 25+ — bachelor's degree <sup>2</sup>





## Principal Employers

Current Year and Nine Years Ago

	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Addus Healthcare	250 - 499	1T	1.03% - 2.06%	310	2	1.27%
Doubletree-Golf Resort	250 - 499	1T	1.03% - 2.06%	300	3	1.23%
Cathedral City High School	100 - 249	3T	0.41% - 1.03%	210	4	0.86%
City of Cathedral City	100 - 249	3T	0.41% - 1.03%	200	6T	0.82%
Honda of the Desert	100 - 249	3T	0.41% - 1.03%	200	6T	0.82%
Jessup Auto Plaza	100 - 249	3T	0.41% - 1.03%			
Nellie N. Coffman Middle School	100 - 249	3T	0.41% - 1.03%			
Palm Springs Motors	100 - 249	3T	0.41% - 1.03%			
Stater Bros. Markets (Ramon)	100 - 249	3T	0.41% - 1.03%			
Toyota of the Desert	100 - 249	3T	0.41% - 1.03%	200	6T	0.82%
Target				370	1	1.52%
Palm Springs Lincoln-Mercury				201	5	0.82%
Acura of the Desert				200	6T	0.82%
Ford Rent-a-Car System				200	6T	0.82%
Legacy Rooms Express				200	6T	0.82%
Palm Springs Unified School District				200	6T	0.82%
<b>Totals</b>	<b>1,800 - 2,990</b>		<b>5.34% - 12.36%</b>	<b>2,791</b>		<b>11.44%</b>
Total employees	24,229			24,373		

**Notes to Schedule:**

**Note 1:** Total employees by employer are presented as a range as specific employer totals are not available. In addition, the percentage of total city employment is also presented as a range.

**Source:** U.S. Department of Labor, Bureau of Labor Statistics; State of California, Employment Development Department, Labor Market Info (information provided by Infogroup, 2015) & InfoUSA.com (2008)

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## Full-Time Equivalent City Government Employees by Function

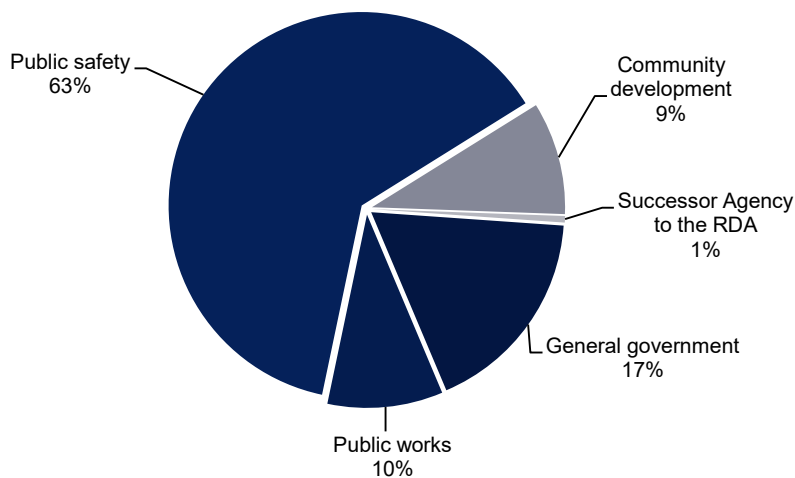
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
General Government:					
City Council	5.00	5.00	5.00	5.00	5.00
City Management	6.00	4.00	4.50	5.50	5.50
City Clerk	2.00	2.00	1.00	1.50	1.50
Administrative Services	16.00	15.00	15.00	14.00	13.50
Redevelopment/Housing	8.00	8.00	7.50	5.50	3.00
All other	1.00	1.00	1.00	1.00	1.00
Total General Government	38.00	35.00	34.00	32.50	29.50
Public Works	31.50	31.00	29.00	27.00	25.00
Public Safety:					
Police	98.00	90.00	97.00	98.00	93.50
Fire	50.00	53.00	52.00	52.00	43.00
Total Public Safety	148.00	143.00	149.00	150.00	136.50
Community Development	21.00	20.00	14.50	14.50	13.50
Successor Agency to the RDA	-	-	-	-	-
<b>Total</b>	<b>238.50</b>	<b>229.00</b>	<b>226.50</b>	<b>224.00</b>	<b>204.50</b>

**Source:** City of Cathedral City (Human Resources Department)

Fiscal Year					
2013	2014	2015	2016	2017	
5.00	5.00	5.00	5.00	5.00	General Government:
5.00	5.20	5.20	9.80	9.80	City Council
1.50	2.40	2.40	2.60	2.60	City Management
11.75	12.00	12.00	12.55	14.65	City Clerk
-	-	-	-	-	Administrative Services
-	-	-	-	-	Redevelopment/Housing
-	-	-	-	-	All other
23.25	24.60	24.60	29.95	32.05	Total General Government
19.00	22.00	22.00	15.70	17.70	Public Works
77.25	77.50	74.00	73.00	75.00	Public Safety:
37.50	37.00	36.00	37.00	40.00	Police
114.75	114.50	110.00	110.00	115.00	Fire
8.50	8.50	12.95	13.90	17.25	Total Public Safety
1.25	1.50	1.50	1.60	1.00	Community Development
166.75	171.10	171.05	171.15	183.00	Successor Agency to the RDA
					<b>Total</b>

### 2017 Full-Time City Employees by Function



## Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Public Works</b>					
Streets maintained (miles)	154	154	154	154	154
<b>Public Safety</b>					
Police:					
Physical arrests	1,863	1,429	1,447	1,263	1,189
Parking violations	2,492	1,761	929	943	1,002
Traffic violations	4,400	4,916	3,225	2,354	4,085
Code complaints (Note 1)	-	-	-	-	1,761
Property/vehicle abatements (Note 1)	-	-	-	-	226
Notices/citations issued (Note 1)	-	-	-	-	950
Fire:					
Number of 9-1-1 calls answered (Note 1)	4,728	4,144	4,140	4,736	4,818
Code complaints (Note 1)	2,470	2,269	1,471	1,036	-
Property/vehicle abatements (Note 1)	113	308	66	49	-
Notices/citations issued (Note 1)	2,075	3,168	1,028	479	-
<b>Community Development</b>					
Building permits issued	1,679	1,082	1,414	1,283	1,745
Code complaints (Note 1)	-	-	-	-	-
Property/vehicle abatements (Note 1)	-	-	-	-	-
Notices/citations issued (Note 1)	-	-	-	-	-

### Notes to Schedule:

**Note 1:** Statistics are for the calendar year end, not fiscal year end.

**Note 2:** In October 2011, the Code Enforcement Division was reorganized and subsequently placed under the supervision of the Police Department. Effective July 1, 2014, the Code Enforcement Division was placed under the supervision of the Community Development Department.

**Source:** City of Cathedral City (various departments)

Fiscal Year					
2013	2014	2015	2016	2017	
154	154	157	157	157	<b>Public Works</b> Streets maintained (miles)
					<b>Public Safety</b>
					Police:
1,099	1,216	1,068	1,029	1,222	Physical arrests
1,519	1,821	1,413	990	1,511	Parking violations
4,264	3,292	2,703	3,113	3,479	Traffic violations
2,047	-	-	-	-	Code complaints (Note 1)
211	-	-	-	-	Property/vehicle abatements (Note 1)
813	-	-	-	-	Notices/citations issued (Note 1)
					Fire:
4,897	5,047	5,280	5,660	Note 2	Number of 9-1-1 calls answered (Note 1)
-	-	-	-	-	Code complaints (Note 1)
-	-	-	-	-	Property/vehicle abatements (Note 1)
-	-	-	-	-	Notices/citations issued (Note 1)
					<b>Community Development</b>
1,364	1,662	1,891	2,134	2,021	Building permits issued
-	2,080	935	1,486	Note 1	Code complaints (Note 1)
-	325	254	334	Note 1	Property/vehicle abatements (Note 1)
-	765	1,080	884	Note 1	Notices/citations issued (Note 1)

## Capital Asset Statistics by Function

Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Public Works</b>					
Streets (center lane miles)	154	154	154	154	154
Streetlights	1,161	1,161	1,181	1,184	1,184
Traffic signs	4,283	4,283	4,283	4,283	4,308
Traffic signals	46	46	48	49	49
<b>Public Safety</b>					
Police:					
Stations	1	1	1	1	1
Patrol units	82	83	80	76	73
Fire stations	3	3	3	3	3
<b>Culture and Recreation</b>					
Parks	7	7	7	7	7
Parks acreage	39	39	39	39	39
Community centers	1	1	1	1	1
Libraries	1	1	1	1	1

**Source:** City of Cathedral City (various departments)

Fiscal Year					
2013	2014	2015	2016	2017	
					<b>Public Works</b>
154	154	157	157	157	Streets (center lane miles)
1,184	1,184	1,190	1,190	1,190	Streetlights
4,308	4,308	4,333	4,333	4,333	Traffic signs
49	49	50	50	50	Traffic signals
					<b>Public Safety</b>
					Police:
1	1	1	1	1	Stations
64	64	65	57	55	Patrol units
3	3	3	3	3	Fire stations
					<b>Culture and Recreation</b>
7	8	9	10	10	Parks
39	40	43	48	48	Parks acreage
1	1	1	1	0	Community centers
1	1	1	1	1	Libraries





**Cathedral City**

**FINANCE DEPARTMENT**

68-700 Avenida Lalo Guerrero  
Cathedral City, CA 92234

[www.cathedralcity.gov](http://www.cathedralcity.gov)